Austria	Sch 20	Indonesia	Rp 3100	Philippines	Pes 20
Bahrain	Din 0.650	Israel	Shk 3.50	Portugal	Esc 100
Belgium	BFr 45	Italy	L 1500	S. Arabia	Rls 6.00
Canada	C$1.00	Japan	Y250	Singapore	S$4.10
Cyprus	C£0.75	Jordan	Fils 500	Spain	Pta 125
Denmark	DKr 8.00	Kuwait	Fils 500	Sri Lanka	Rup 30
Egypt	E£1.00	Lebanon	£L 25.00	Sweden	SKr 7.00
Finland	Fmk 6.50	Luxembourg	LFr 45	Switzerland	SFr 2.20
France	FFr 6.50	Malaysia	Rkt 4.25	Taiwan	NT$65
Germany	DM 2.20	Mexico	Pes 300	Tunisia	Din 1.375
Greece	Dr 85	Morocco	Dh 6.00	Turkey	L 550
Hong Kong	HK$12	Netherlands	Fl 2.75	U.A.E.	Dh 6.50
India	Rup 15	Norway	NKr 7.00	U.S.A.	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,094 · Wednesday November 26 1986 · D 8523 B

Threat Aids poses to Africa, Page 4

World news

Argentina wins UN Falklands victory

Argentina won a diplomatic victory in the continuing Falklands dispute when the United Nations General Assembly yesterday voted 116 to four, with 34 members abstaining, in favour of a resolution calling for the opening of negotiations with Britain on the future of the territory.

It was the biggest total of affirmative votes on the question since it was first taken up at the United Nations in the wake of the 1982 war.

Only Belize, Oman and Sri Lanka joined Britain in opposing the resolution, which Sir John Thomson, the British delegate, said was one-sided because it endorsed the Argentine position to the detriment of Britain's stand. Page 20

French troops move

France is to withdraw two-thirds of its troops from the United Nations peacekeeping force in Lebanon to minimise their exposure to terrorist attacks, French Foreign Minister Jean-Bernard Raimond said.

Gulf rig attacked

Five oil rig workers were killed and at least 20 injured in an attack by unidentified aircraft on Abu Dhabi's offshore Abu al-Bukhoosh oilfield in the Gulf.

Rhine oil slick

Rhine river police were trying to pump off a 13 km long oil slick discovered between Eltville and Geisenheim, near Mainz, the fourth chemical spill into the contaminated river in a month. The oil may have been released by a ship.

Pollution pact hope

West Germany said it hoped to reach agreement with East Germany and Czechoslovakia to exchange warnings about serious environmental disasters.

Vranitzky quits

Chancellor Franz Vranitzky of Austria formally resigned, triggering intense manoeuvring to form a coalition government after the inconclusive general election on Sunday.

Bokassa trial opens

Former Central African emperor Jean-Bedel Bokassa, aged 65, goes on trial in Bangui today on charges of killing children, hiding corpses, assassination and embezzlement.

Gorbachev in India

Soviet leader Mikhail Gorbachev arrived in India and immediately began talks with Prime Minister Rajiv Gandhi. Page 4

Syria denial

Syria's ambassador denied charges that his embassy in East Berlin helped smuggle a bomb to West Berlin.

Nigeria epidemic

Frightened villagers fleeing a yellow fever epidemic in central Nigeria could spread the disease, a World Health Organisation official said. Scores of people have died since the beginning of this month.

Papal bomb plot

Australian police arrested a 24-year-old former mental patient armed with five fire bombs who, they said, had planned to kill the Pope during his visit to the country.

Nazi accusation

Israel's first Nazi war crimes trial in 25 years opens today when retired American car worker John Demjanjuk faces accusations that he was "Ivan the Terrible," a notorious guard at a death camp in occupied Poland.

Rare wine auction

One of the world's rarest wines, a 1784 bottle of Chateau d'Yquem, will be auctioned in London next week but nobody is prepared to say how much it will fetch.

Business summary

American Brands launches $2.8bn bid

AMERICAN Brands, US diversified tobacco group, made a $2.81bn takeover offer for Chesebrough Ponds, US cosmetics and toiletries company. The bid values each share of $66. Chesebrough Ponds said it is examining alternative proposals.

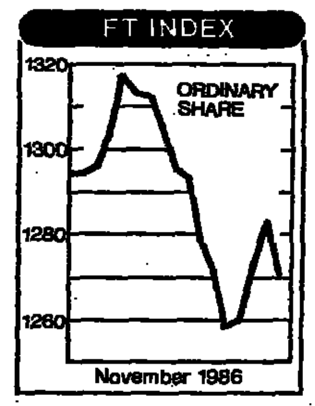
DAEWOO SHIPPING and Heavy Machinery of South Korea is girding itself for a severe financial squeeze after US Lines, the shipping company, filed under Chapter 11 of the US bankruptcy code. Page 20

BRITAIN'S balance of payments current account returned to surplus in October, due almost entirely to an upward revision of the projected contribution from invisible trade. Page 13

ACCOR, French hotel, restaurant and meal voucher group, forecast further strong gains in turnover and earnings and said net profits for 1986 were expected to rise to FFr 228m ($34.5m) compared with 1985 after tax profits of FFr 178.2m.

EASTERN AIRLINES' shareholders approved the troubled US carriers $670m merger with Texas Air, at a meeting disrupted by angry union officials.

FT INDEX



LONDON: Combined weakness in oil prices and sterling offset a mildly favourable response to the latest UK trade figures. The FT Ordinary index fell 12.20 to 1,270.4 and the FT-SE 100 lost 17.21 to 1,619.30. Page 44

TOKYO: Heavy buying of blue chips drove prices higher for the sixth consecutive trading day. The Nikkei average gained 99.27 to 17,747.50. Page 44

WALL STREET: The Dow Jones industrial average closed up 8.05 at 1,912.12. Page 44

GOLD rose $3 to $384.75 on the London bullion market. It also rose in Zurich to $384.05 from $380.50. Page 38

In New York the Comex December settlement $385.60.

DOLLAR closed in New York at DM 1.9855, SFr 1.6530, FFr 6.5050, Y162.05. It fell in London to DM 1.9835 (DM 2.0190); Y162.50 (Y164.15); SFr 1.6585 (SFr 1.6885); FFr 6.5275 (FFr 6.6075). On Bank of England figures the dollar's exchange rate index fell to 110.6 from 111.6. Page 37

STERLING closed in New York at $1.4265. It rose in London to $1.4225 ($1.4170). It fell, however, to DM 2.8350 (DM 2.86); FFr 9.2850 (FFr 9.3625); Y231.0 (Y232.50). Page 37

GTE Corporation, the US telecommunications group which was the subject of takeover speculation a few weeks ago, has announced plans to put in place several anti-takeover devices. Page 41

OLIVETTI, the Italian office automation group, has confirmed that the Xerox Corporation of the US had decided to break off its 18-month accord under which the US company bought Olivetti personal computers for the North American market.

BANK OF MONTREAL, Canada's second largest banking group, raised net earnings to C$353m in the fiscal year to October 31 from C$339.2m in the previous 12 months. Page 41

BAYER, West German chemicals group, is heading for another year of record profits after boosting pre-tax group earnings by 4.2 per cent to DM 2.8bn ($1.3bn) in the first nine months. Page 21

Reagan Administration in crisis over new revelations on secret arms sales

Poindexter quits over Iran deal

BY LIONEL BARBER AND STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan, was forced yesterday to announce the resignation of his National Security Adviser and the sacking of a top aide following revelations that up to $30m received from secret arms sales to Iran had been diverted to Contra rebels fighting the Nicaraguan Government.

Mr Reagan, fighting against a crescendo of Congressional and public criticism unequalled during his six-year presidency, said that he would appoint a special board to review the role of the White House National Security Council in foreign policy.

He was unable, however, to name a successor to Vice Amiral John Poindexter as his National Security Adviser.

Mr Reagan repeated last night that he had made no mistake in sanctioning the arms sales but it was clear that his defence of the secret US arms sales to Iran was reduced to tatters.

Disclosure of the Iran-Nicaragua link added a sensational twist to the controversy over the President's secretly authorised arms shipments to Tehran which has sent his popularity plummetting and led to bitter recriminations among his senior advisers.

The disclosure also adds a new element to the Iran controversy. Until yesterday, criticism of President Reagan had centred on the way the arms sales appeared to have been used as barter for freeing American hostages held by pro-Iranian guerrillas in Lebanon.

Mr Edwin Meese, US Attorney General, said that Lt Col Oliver North, a top official on the White House National Security Council staff who was sacked, had transferred between $10m and $30m, the proceeds of US-sanctioned arms sales by Israel to Iran, to Swiss bank accounts controlled by the Contras.

Mr Meese, whose Justice Department officials interviewed Lt Col North for most of Saturday, said the US Government was examining whether criminality was involved. The money transfer, which began last January, took place before Congress approved a resumption of direct military aid to the Contra rebels last month.

President Reagan, 75, while defending the policy of sending arms to Iran in an effort to open a dialogue with moderates, said he was "not fully informed on the nature of one element" of the arms sales.

Mr Meese said that Mr Poindexter knew something about the operation but had not tried to stop it. "The only person who precisely knew something about this was Col North," he said.

Congressional leaders called for a complete disclosure of the White House-sponsored operation which began 18 months ago, when Mr Robert McFarlane, Mr Poindexter's predecessor as National Security Adviser, first mooted the idea of opening up contacts with the Iranian Government.

There were signs yesterday that the resignation of Mr Poindexter and the shake-up of the NSC was helping Republicans to rally round their embattled President.

Senator David Durenberger, chairman of the Senate intelligence

Continued on Page 20

Mr Ronald Reagan

Tehran overture ends in noisy discord

BY LIONEL BARBER IN WASHINGTON

IT BEGAN as a bizarre tale of secret US government overtures to the mullahs in Iran. It has evolved, with stunning speed, into a crisis which has shaken the Reagan Presidency to its core.

Until yesterday President Ronald Reagan had yet to concede any error in secretly authorising arms sales to Iran. The resignation of Vice Admiral John Poindexter, his National Security Adviser and the architect of the Iran policy for the past year, is at best a tacit admission of a serious mistake.

Mr Reagan's team had been undermined both by the steady seepage of information on the arms sales and the extraordinary lack of unity among his top officials. For the past week, Mr Donald Regan, White House Chief of Staff, Mr George Shultz, US Secretary of State, and Mr Robert McFarlane, Admiral Poindexter's predecessor, have engaged in a public mud-slinging match over responsibility which left none with credit and the President gravely exposed.

Mr Shultz's stubborn refusal to fall into line underlined the State Department's struggle to regain authority over foreign policy-making and implementation. The bad blood between Mr Shultz and Admiral Poindexter meant it was inevitable that at least one would have to go.

- Poindexter: president's adviser who kept own agenda
- Shultz may win back control of foreign policy
- Democrats express outrage at revelations

Details, Page 7

In the end the Admiral proved expendable.

His resignation still leaves many questions about the Iran connection unanswered.

Mr McFarlane has said Mr Shultz was intimately aware of the covert operation: Mr Shultz has sought, with veiled threats of resignation, to distance himself from the arms sales: Mr Regan, ever peppery, has criticised virtually everyone except himself. In words which must have made Mrs Nancy Reagan wince, Mr Regan said last week that the President had courageously offered to take full responsibility "and we allowed him to do it."

Mr McFarlane originally came up with the Iran connection back in 1980, according to Mr William Safire, one of a growing number of conservative commentators driven to despair by the disarray in the White House. By his account, Mr McFarlane approached the Reagan camp with an Iranian who offered to free another set of American hostages, the 51 US embassy officials held by pro-Khomeini extremists in Tehran.

Mr Reagan's advisers apparently recoiled, but the scheme was born anew in the summer of 1985 when Mr McFarlane proposed opening a dialogue with supposed moderates in the Iranian Government. The fact that at least six Americans were being held by pro-Iranian guerrillas in Lebanon was not directly relevant to the primary goal of seeking a better relationship with Iran, according to Mr McFarlane.

The chain of events which followed are under investigation by

Continued on Page 20

France's new steel chief plans 20,000 job cuts

By David Housego in Paris

THE FRENCH steel industry is to cut its workforce by a further 20,000 – almost a third – next year under plans presented to the Government by Mr Francis Mer, the new chairman of the state-owned steel sector.

The plans mark an acceleration of restructuring in the industry to achieve an early return to profitability and to eliminate subsidies in line with EEC requirements.

Although final details have still to be worked out, the magnitude of the cuts has been accepted by the Government, which is now working on proposals to minimise the social consequences.

Unlike previous cuts in the workforce which were achieved by early retirement, the new reductions will affect steelworkers of all ages. They could thus provoke a sharp reaction from trade unions in a period of increasingly heated political activity leading up to the presidential elections due in May 1988.

The shedding of a further 20,000 jobs next year – or more than double the number currently intended – will reduce employment in the steel sector to about 45,000 from 90,000 at the end of 1984. About 10,000 jobs are being lost this year.

The proposed new cuts reflect the analysis of the steel industry by Mr Mer, who took over the chairmanship of Usinor and Sacilor, the two state-owned steel companies, in September. It also incorporates the French share of potential cutbacks

Continued on Page 20

UK state shipyard redundancies, Page 13

Larak Island ships hit as Iraq steps up Gulf war

BY RICHARD JOHNS AND LUCY KELLAWAY IN LONDON

IRAQ yesterday mounted its first air raid on Iran's vital oil transhipment terminal off Larak Island in the Strait of Hormuz in a further escalation of the Gulf conflict.

However, after a steep slide in London yesterday morning oil prices bounced back by about 40 cents as a result of the air raids.

From a low point of $14.25 for a barrel of Brent crude for delivery in January, prices recovered to $14.62, although they were still about 30 cents below Monday's closing price.

Three vessels were reported to have been damaged by the strike on the export facility improvised by the National Iranian Oil Company after Iraq's successful attack on the transhipment terminal at Sirri Island on August 12.

The raid is believed to have been carried out by French-supplied Mirage F-1s which would have to have been refueled either from fuel tanks on similar fighter-bombers or from converted transport aircraft.

One of the three vessels was the Tabriz, owned by the National Iranian Tanker Company. The other two were not identified but were believed to be Cyprus-registered.

Iraq was known to have the capability to reach Larak Island about 750 miles from its nearest air base. This further escalation of the tanker war is regarded by Western diplomats as indicative of Baghdad's mounting frustration over the continuation of the war.

It will also be another blow to Iran whose exports have been seriously affected recently by bad weather.

Last month the National Iranian Oil Tanker Company purchased eight crude and product tankers with a combined capacity of 1.3m deadweight tonnes to increase the flow of oil in the shuttle from the main export terminal at Kharg Island to Larak Island, according to the well-informed Middle East Economic Survey.

Earlier yesterday the Iraqi Air Force was believed to have attacked the main terminal of the Abu al Bakhoosh offshore oilfield in the waters of Abu Dhabi, a member of the United Arab Emirates, which is operated by Total, the subsidiary of Compagnie Française des Petroles.

Five oil rig workers were killed and at least 20 wounded in the attack.

Continued on Page 20

Japanese admit failure to open financial markets

BY CARLA RAPOPORT IN TOKYO

JAPAN is moving too slowly on allowing foreign financial institutions into its market, Mr Tadashi Kuranari, Japan's Foreign Minister, admitted yesterday.

In talks yesterday with Mr Paul Channon, Britain's Secretary of State for Trade and Industry, the Foreign Minister said he would give "maximum assistance" to ensuring that British firms were given the same access to Japan as Japanese firms enjoyed in the UK.

According to a senior Foreign Ministry official in Tokyo, Mr Kuranari said he recognised that Japan's progress on liberalising its financial markets was very slow.

Mr Channon had earlier warned that Britain might consider withdrawing securities dealing licences from Japanese firms in London if equal access were not granted to UK firms in Tokyo.

Mr Kuranari and Mr Channon agreed that their staffs should work on this issue. However, the Japanese Foreign Minister gave no indication of how or when the imbalance would be corrected.

As to Japan's allegedly discriminatory tax system on imported whiskies, Mr Kuranari gave no clear answer to Mr Channon's call for reforms.

He said the subject was being considered by the tax commission of the ruling Liberal Democratic Party, but did not indicate what its decision might be.

Mr Channon also pressed the Japanese Foreign Minister on the issue of granting a licence to an international consortium, which includes Cable and Wireless, the UK group, for a new international telephone service in Japan. Two consortiums are competing for only one proposed licence. Mr Kuranari gave no firm commitment on this issue.

Mr Channon suggested that Japan's All Nippon Airways should buy the European Airbus A320

Philippines on verge of ceasefire

BY OUR FOREIGN STAFF

THE Philippines Government and the country's Communist insurgents last night appeared on the verge of declaring a ceasefire, spokesmen for both sides indicated after eight hours of resumed negotiations in Manila.

Recent statements that full agreement was imminent have proved unfounded, but Mr Ramon Mitra, the Government's chief negotiator, said unequivocally last night that a pact had been reached and would be signed, probably tomorrow.

Mr Arno Sanidad, a lawyer for the rebel National Democratic Front, said that "both parties agreed they will make an announcement, the final announcement," and a source close to the Communist negotiators, speaking on condition he was not named, said that the two sides "seem to be rejoicing (that) they've got a ceasefire."

However, Mr Mitra said another meeting would be necessary but he declined to say how long any ceasefire would last.

Success by tomorrow would meet President Corazon Aquino's recent injunction to Mr Mitra to achieve a ceasefire by the end of this month and would come within only four days of Mrs Aquino's sacking of Mr Juan Ponce Enrile, her hardline Defence Minister.

He had openly and repeatedly criticised Mrs Aquino as being soft in her dealings with the rebels and was accused by his opponents of having encouraged the coup rumours which swept Manila during the President's visit to Japan earlier this month.

An estimated 8,000 people have died over the past two years as a result of the war waged by Communist guerrillas in 64 of the country's 75 provinces.

Mrs Aquino, under pressure from Mr Enrile and his chief supporters in the military, had said before his dismissal that she was willing to intensify the war if negotiations did not proceed successfully. Government sources said after last night's negotiations that the army was prepared to launch a major attack on selective targets this morning if yesterday's talks broke down.

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CONTENTS

Peter Marsh on an inquiry which is likely to clear the rocket of a major design fault

Ariane set to lead field in satellite launches

A SIX-MONTH inquiry into a fault on Ariane, Western Europe's satellite launcher, has provided heartening findings for the world's space industry. The results indicate that the fault, which led to a suspension of flights after a launch failure in May, was caused by a flaw in a single small component and will not, as had been feared, require a major engine redesign.

Ariane has emerged as the West's dominant launch vehicle for non-military satellites following the explosion in January on board the US space shuttle Challenger and the subsequent US decision to pull the shuttles out of the commercial launcher business.

Arianespace, the mainly privately-owned company which sells Ariane launches, has already sold slots on all 24 rocket flights it plans over the next three years. Among its customers are several Japanese and US companies which had originally booked shuttle missions.

Preliminary results from the inquiry into the Ariane fault are due to be confirmed on Friday at a meeting of European space officials from the 11-nation European Space Agency, the developer of the rocket, and Arianespace, which is owned by a consortium of European companies together with the French national space agency.

If the findings are accepted, Ariane flights should restart in February or March next year.

The international launcher business, expected to be worth about $1bn a year by the end of the decade, has been in turmoil in recent months. In the summer, the US announced that when space shuttle flights restart in 1988 they will no longer launch private communications satellites but will concentrate on military and scientific missions.

US companies such as Martin Marietta and General Dynamics plan to enter the launcher business over the next few years. Other competition for Arianespace may come from Soviet and Chinese rockets.

But until 1989, when these organisations have established themselves, Ariane will be the world's main space launch vehicle.

Although Arianespace will launch nearly all the Western world's commercial satellites over the next couple of years, the company does not expect this dominance to last. It aims to account for about half the total business in launching commercial satellites by the end of the decade—taking into orbit each year about 10 telecommunications vehicles plus a few scientific and military craft.

After the May accident, Arianespace and ESA set up a detailed inquiry which centred on what appeared to be at the root of the failure, the ignition sequence in Ariane's third stage engine, made by SEP, a French company.

The faulty ignition was also thought to have been at least partially responsible for an earlier Ariane failure in September last year.

The ignition sequence is vital in ensuring that the rocket's third-stage engine, powered by a mixture of liquid oxygen and liquid hydrogen, fires correctly. According to the inquiry's results, to be scrutinised by Arianespace and ESA officials at Friday's meeting, the fault in May was caused by ignition starting about one-sixth of a second too late.

This led to pressure fluctuations inside the combustion chamber of the engine which, in turn, produced mechanical and thermodynamic effects that damaged the turbopumps channelling oxygen and hydrogen to the chamber. As a result of the pump failure the third stage shut down, causing the rocket to crash.

The inquiry engineers discovered that the ignition problem can be solved simply by replacing the component that causes the hydrogen and oxygen to burn once they enter the chamber, by which time they have become gaseous. The component is an igniter, similar in operation to a spark plug in a car, which produces a sudden burst of heat.

The igniter, a tubular device about the height of a wine glass made by SEP, resembles a powerful firework. It is packed with chemical powder that explodes when electrical current surges through it, thus providing the necessary energy.

The reason for the tiny delay in ignition in May, the engineers concluded, was that the igniter was not powerful enough to burn all the gas in the chamber. To increase the power, they advocate increasing the amount of powder by 50 per cent and reducing the ignition "burn" time from four seconds to two seconds.

This relatively straightforward suggestion was reached after exhaustive theoretical calculations and tests.

Assuming the recommendations of the inquiry team are upheld, engineers will spend the next two months fitting and testing the new component.

Engineers at SEP had feared that they might have had to change the complete layout of the third-stage engine, involving a reconfiguration of components such as pumps, fuel pipes and parts of the combustion chamber.

Ariane: space has been sold on all planned flights

Berlin Wall killing provokes angry reaction in Bonn

BY DAVID MARSH IN BONN

THE KILLING by border guards of an East German trying to scale the Berlin Wall drew an angry reaction from Bonn yesterday and threatened to bring a further chill to relations between East and West Germany.

The controversy over the shooting of the fugitive, who became the 58th documented victim of East Berlin's frontier patrols since the wall was built 25 years ago, coincided with a flaming row in Bonn over the Government's East-West policies.

Relations with the Soviet Union have already sunk this month to a point reminiscent to some observers of tensions in the period before Bonn normalised its links with the East bloc at the beginning of the 1970s.

This reflects angry Soviet reaction to an interview last month by Mr Helmut Kohl, the Chancellor, indirectly comparing Mr Mikhail Gorbachev to Josef Goebbels, the Nazi propaganda chief.

The opposition Social Democratic Party (SPD), trailing in the opinion polls ahead of the January general elections, yesterday did its best to whip up further the diplomatic froth generated by Mr Kohl's remark.

The SPD has also fiercely criticised the Government in the past few weeks for allegedly trying to sabotage chances of superpower nuclear arms cuts.

Mr Peter Glotz, the SPD party manager, said yesterday that Mr Kohl was deliberately trying to lower the threshold of subjects previously considered "taboo" in post-war West Germany.

The Goebbels remark was all part of an attempt to fish for votes from the Nazi-leaning extreme right in the coming election, he claimed.

Mr Kohl's governing Christian Democratic Union (CDU) hit back by labelling the SPD's failure to condemn the latest Berlin Wall shooting.

The incident, which happened on Monday night, occurred as a man tried to climb over the wall with a ladder in northern Berlin. He was hit by a volley of bullets.

One East German frontier guard who showed disgust at the killing was disarmed and led away by soldiers, according to witnesses on the western side of the wall.

Mr Johannes Rau, the SPD's candidate for the chancellorship in January, later joined in the wave of indignation from West Germany and called on the East Germans to respect human rights under the terms of the Helsinki accords.

Bank tries to set up European film fund

By Raymond Snoddy

A DUTCH merchant bank is trying to set up an Ecu 300m (£216m) fund for European film and television production aimed at international markets.

Pierson, Heldring & Pierson, a subsidiary of the Amsterdam and Rotterdam Bank has approached five other large European banks to support the concept, including Hill Samuel in the UK and Credit Lyonnais in France.

The aim eventually is to ask a bank in each of the EEC countries to join a consortium to set up the European Media Venture Fund. Pierson has also asked the European Commission, which has been looking for some time at ways of encouraging film and television production in Europe to consider guaranteeing 50 per cent of the fund against loss.

One method of guarantee being considered is insuring the fund against loss by Lloyd's of London. The EEC would then pay the premiums.

Mr Bart de Haas, a director of Pierson, said yesterday that the expansion of the market for programmes because of the spread of cable, satellite and video recorders represented a tremendous opportunity for European production companies.

The bank has sent a proposal on the media fund to all the broadcasting and culture ministers of the EEC attending a media conference in Vienna next month.

The aim of the conference, organised by the Council of Europe, is to try to create a European audio-visual policy for its 21 members. Ministers will study plans to boost European coproduction and co-operation.

Mr de Haas believes the political climate is right for the development of his venture fund because the alternative is a growing film and television "invasion" from the US.

The fund, which would have share capital issued in Ecus would be based in Luxembourg, but would only come into operation if EEC support were guaranteed for the first four years.

The consortium would seek to reach an "output" deal with a large US distributor—the distributor would take the productions supported by the fund in exchange for a percentage of the finance in advance.

The annual investments of the fund would include Ecu 8m for development of projects, Ecu 40m-50m for international television productions started within the EEC and Ecu 20m-30m for feature films. In all cases the fund would finance no more than 50 per cent of the total production cost.

The president of the fund would be a European banker experienced in film and television financing working with experienced film and television producers.

Pierson plans to launch the consortium next May through private placings of shares followed eventually by stock market quotations if the fund is successful.

Haiti aid to double next year

By Our Paris Staff

WESTERN DONOR countries have decided to double their aid pledges to Haiti next year to $200m-$300m, Mr Leslie Delatour, the Haitian Economy and Finance Minister, said in Paris yesterday.

The new aid levels mark a sharp rise from the pledges of about $100m which Haiti received before the new government took office last February after deposing Mr Jean-Claude Duvalier, the dictator now living in exile

Donor countries attending a special meeting on Haiti at the World Bank in Paris expressed strong support for the new government's economic recovery programme based on three priority sectors: education, health and agriculture.

Mr Delatour said that the US, Haiti's biggest donor, was expected to increase its aid levels next year to $110m-$120m.

Czechs increase borrowing level

By Leslie Colitt in Prague

CZECHOSLOVAKIA has raised its level of borrowing from the West in order to pay for an 8.4 per cent rise in imports of machinery and equipment which are urgently needed to modernise Czechoslovak industry. But a fall in exports to the West – of 6.3 per cent in the first nine months – was entirely unplanned.

Western bankers estimated that the Prague Government will borrow $500m this year against $350m in 1985.

Greek inflation rate still too high, says Simitis

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE'S RATE of inflation and external and domestic deficits are still high compared to those of competitor countries, Mr Costas Simitis, the Economy Minister, told representatives of business, industry and trade unions at a pre-budget meeting yesterday. This was in spite of a significant improvement this year, the first of a two-year economic stabilisation programme.

Next year's Greek budget is expected to be presented by the Finance Ministry this week.

Mr Simitis said inflation would exceed the 16 per cent target for 1986, partly due to inflationary business speculation in anticipation of the introduction of Vat next January.

The current account deficit this year is projected at approximately $1.8bn, against a target of $1.7bn. However, the authorities expect to meet the public sector deficit target comfortably, with a reduction of the public sector borrowing requirement to about 14 per cent of GDP from about 18 per cent in 1985.

The inflation rate last year reached 25 per cent, and the current account deficit a record $3.3bn.

Mr Simitis said the stabilisation programme, which "requires effort and sacrifice," would continue in 1987 with the aim of achieving an inflation rate of 10 per cent, a current account deficit of $1.25bn, and a PSBR of below 10 per cent of GDP. Growth was expected to be slightly negative, against a 0.5 per cent increase this year.

He conceded that this year's improvement in the economic figures was partly due to the fall in oil prices earlier in the year. He also admitted that the stabilisation measures had failed to drive down domestic consumption, which remained steady at 1985 levels, despite a 4-5 per cent drop in real incomes as a result of a near freeze of wages and salaries. Consumption was maintained through the running down of savings.

Because of the high consumption level, imports in 1986 will be higher than expected, despite the compulsory deposit scheme included in the stabilisation package introduced by the Socialist Government in October 1985. Greece secured a two tranche Ecu 1.75bn (£1.26bn) support loan from the EEC on the basis of the stabilisation package. The second tranche is due to be approved in Brussels by the end of this year.

The minister expressed confidence, however, that by continuing to pursue the same economic policy next year the Government would achieve a significant improvement in economic performance.

FINANCIAL TIMES

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EUROPEAN NEWS

ENVIRONMENT COUNCIL ENDS IN DEADLOCK

EEC fails to agree pollution curbs

BY WILLIAM DAWKINS IN BRUSSELS

EEC ATTEMPTS to reduce air pollution on two fronts—power station emissions and vehicle exhausts—collapsed yesterday morning.

A tense all-night meeting of environment ministers broke up profoundly deadlocked on the two most important issues on its agenda.

Their failure to strike an accord on cutting levels of sulphur dioxide and nitrogen oxide from power stations, blamed as causes of acid rain, comes as a sharp snub for Britain. As president of the Community, the UK had tabled two compromises in a bid to unlock a two-year impasse on power station pollution, only to see the second blocked by Spain, Portugal and Ireland.

It was also a blow for the European Commission, which had significantly softened its stance on the scale of sulphur dioxide reductions needed, to no avail. Mr Stanley Clinton Davis, Commissioner responsible for the environment, called the meeting a fiasco and criticised member states for being unable to compromise. "We have lost more ground than we have gained," he told ministers. "We view this matter extremely seriously."

Britain's power station plan has now been scrapped and it is up to the next EEC chairman, Belgium, to decide whether to try again for the next environment council on March 20.

The Commission originally asked for a 60 per cent cut in sulphur dioxide emissions and a 40 per cent reduction in nitrogen oxide by 1993, but was prepared to negotiate on the much looser British counter proposal for a 30 per cent cut in sulphur dioxide by 1995, rising to 45 per cent by 2005, with an eventual target of 60 per cent.

West Germany, the Netherlands and Denmark could not accept the first version of the British plan because they feared its lack of specification of exactly how much individual states should do would open up too many loopholes. But a second, more general UK proposal subsequently ran into opposition led by Spain, which disagreed with the timetable, and followed by Ireland, which argued that its own sulphur dioxide emissions were already low enough.

A separate set of proposals for cutting pollution from cars and lorries made almost as little progress. However, ministers did agree that national officials should work on a Commission plan for a 30 per cent cut in hydrocarbon exhaust and a 20 per cent reduction in nitrogen oxide from heavy vehicles, with the aim of reaching agreement at their next meeting. If passed, this directive would bring EEC truck emissions into line with those in the US.

As expected, Denmark continued its long-standing resistance to a draft directive for cutting exhaust levels for petrol driven cars because it wants tougher standards than the Commission is proposing. Meanwhile, Greece is refusing to agree until it gets EEC anti-pollution aid. New Community entrants Spain and Portugal declared for the first time that they support the car exhaust proposals, making Denmark and Greece's position look all the more remote.

Ministers tackle shortfall in budget receipts

BY QUENTIN PEEL IN BRUSSELS

DRASTIC PLANS to offload the EEC's surplus foodstocks, requiring an extra Ecu 2.5bn (£1.8bn) in contributions from the member states, seem certain to get short shrift from their budget ministers today.

The proposal put forward by the European Parliament would call on ten of the 12 EEC members—all except Spain and Portugal, which only joined last January—to pay the money on top of their normal budget contributions from value added tax receipts, customs duties and agricultural levies.

Instead, the ministers must decide how and where to cut spending because of a shortfall in those contributions this year, let alone how to balance their budget in 1987.

They will be presented with new figures for the spending gap in the current year, now estimated by the European Commission at more than Ecu 1.3bn—although the Commission is only asking for cuts of Ecu 776m, from planned spending of Ecu 35.16bn (£25.7bn).

At the same time they must decide how to respond to the Parliament's plans for 1987, including cuts in regular farm spending, increases in other areas like food aid, high technology research, and regional spending—and the Ecu 2.5bn special stock disposal fund.

The problem in 1986 is that the revenue of the EEC have fallen short of what was expected, and spending has increased, largely because of the drop in the value of the dollar. That has reduced import duties on dollar-denominated imports, and increased the cost of export subsidies.

Another key factor has been the much lower than expected level of Spanish grain imports from outside the EEC, particularly from the US.

For 1987, the Parliament has for once not added significantly to the ministers' draft budget of almost Ecu 36bn, except for the special "war chest" fund for offloading the food stocks on both internal and external markets.

However, the MEPs have redistributed spending by cutting the Ecu 23bn farm price support expenditure by a net Ecu 600m, proposing a 5 per cent cut in dairy quotas, and adding to non-agricultural areas. That should present the ministers with a political problem of how to maintain their own appearance of budget discipline, without putting back money into the farm budget.

Turkey to insist on free migration rights

BY DAVID BARCHARD IN ANKARA

TURKEY YESTERDAY repeated that it would insist on its treaty right to allow its citizens to seek employment throughout the EEC from December 1, unless it is given the green light for an application to become a full Community member.

Replying to the mandate agreed on by the Council of Ministers in Brussels on Monday, the Turkish Foreign Ministry said yesterday that the Community must honour its treaty obligation to allow the free migration of labour.

"We are aware that the free migration issue will create difficulties for some of our European friends," it said. "The problem can be dealt with along with other basic issues inside the framework of Turkey's complete integration into Europe."

Western diplomats here are sceptical about Turkey's ability to trade a postponement of the free migration of Turkish labour in exchange for a positive response to an application for full membership. There seems to be little realisation here that Turkey could face a rebuff from the EEC countries on both counts.

If there is no agreement to defer the right of Turkish workers to migrate to all Community countries by the time the deadline expires next Monday, the Turkish Government is expected to encourage individual Turks to seek their rights by suing in national courts throughout the Community.

The momentous historical nature of an application does not seem to be realised here. The Government has made little or no effort to brief foreign opinion on its views and is treating relations with the EEC as the latest in a long line of minor diplomatic confrontations with its Western allies.

The drastic implications for Turkey, social and cultural as well as political and economic, are not being discussed. The assumption seems to be that Turkey will be able to use its Nato membership to press its way into the EEC and that the Community will relax its rules to allow Turkey to remain a member, just as the Council of Europe has done over two decades.

Bayer voices concern over pollution protests

By David Marsh in Bonn

BAYER, the West German chemicals group, has voiced deep concern over damage to public confidence in the chemicals industry in the wake of this month's series of ecological accidents affecting the Rhine.

Comments by Mr Hermann Strenger, the Bayer chairman, coincide with a torrent of protest from the main political parties in West Germany over the toxic waste released into the river from Swiss and German chemicals plants in the past few weeks.

Mr Strenger, whose company on the basis of last year's figures is West Germany's second largest chemicals group, said Bayer spent more than DM 1bn (£349m) a year in measures to protect the environment.

It was too early to say whether chemical companies might be forced to upgrade further their safety measures, he added. But public pressure for more restrictions was clearly mounting in ecologically-conscious Germany.

Mr Strenger was speaking at a press conference to unveil improved Bayer profits for the first nine months of the year.

The fire at the Swiss company Sandoz on November 1 was clearly in a different category from the more minor incidents in Switzerland at Ciba-Geigy and at a subsidiary of Hoffmann La Roche, and in West Germany at plants of BASF and Hoechst, he added. None the less, the incidents had sparked a chorus of criticism.

Partly with an eye on catching the environmental vote at the general elections on January 25, spokesman for the governing conservative Christian Democrat (CDU) and Christian Social (CSU) parties, as well as for the Social Democrat (SPD) Opposition, called in Bonn yesterday for tougher environmental restrictions on chemical groups.

Mr Strenger, whose company is the only one of Germany's "Big Three" chemical groups not to have made headlines over pollution in the past week, said Bayer would be re-examining all its plants and transport arrangements.

Company results, Page 33

Students prepare for test of strength with French Government

BY DAVID HOUSEGO IN PARIS

THE STRIKE by French university students widened yesterday as faculties across the country prepared to take part in a massive protest in Paris tomorrow against the Government's proposed reform of the universities.

More than 20 French universities have announced they are the strike.

At the Sorbonne (now officially known as the University of Paris V) there was an atmosphere of carnival combined with intensive preparation for a test of strength with the Government. The bill which provides for greater selection on entry and an increase in admission fees, goes before the National Assembly tomorrow.

Thousands of secondary school students in Paris—including children from the best known lycees—yesterday joined the strike

The students are protesting mainly against three elements of the proposed law — which itself has been considerably watered down from its pre-election version. These are: increased selection by the universities beyond the general requirement that all students have the baccalaureat (the secondary school leaving certificate); the possibility for universities to double entry fees from the present level of FFr 400 (£43); and the differentiation of degrees by institutions.

Yesterday the students were attempting to give a non-political and non-union bias to their movement. But it was initiated on Saturday by a left-wing student movement and yesterday received support from Communist and pro-Socialist unions. It has also provided a focus for student irritation with other recent government measures — new drugs legislation; the nationality law; and the proposed building of private enterprise prisons.

The protest in the universities also comes on the heels of the big demonstration in Paris on Sunday organised by the teachers' unions — and strongly backed by the Socialists — against changes in schools administration.

France to pull two-thirds of its force from Lebanon

BY OUR PARIS CORRESPONDENT

FRANCE IS to withdraw two-thirds of its troops from the UN force in Lebanon in order to minimise their exposure to terrorist attack.

Although Mr Jean-Bernard Raimond, the French Foreign Minister, said yesterday that France remained firmly committed to the UN force, the move will reduce the number of French troops by 900 from their present strength of 1,400. Under plans to be disclosed by the UN Secretary General today, they will be replaced in part by troops from Fiji, Finland, Ghana, Nepal and Sweden—who are already members of the UN force.

The decision comes in the wake of the wave of attacks against French troops since August which prompted Mr Jacques Chirac, the Prime Minister, to declare that it was "absurd" for France to main-main troops in such circumstances.

The Government has always denied that it would make a "unilateral" withdrawal. It has thus been seeking a negotiated formula with the UN secretariat which would allow it to withdraw the greater part of its troops.

While the French Government does not believe that the UN force in present circumstances can prevent fighting between the different factions within Lebanon, it thinks that the total departure of UN troops could produce a bloodbath in the country that would threaten the existence of the Christian community. Because of historic French ties with the country, there is a strong body of French opinion which favours doing all that is possible to prevent further disorder.

None the less, because of the growing risk to French forces, senior French conservative leaders including Mr Jean Francois-Poncet, the former Foreign Minister, have urged a complete withdrawal.

Vranitzky resigns as Austrian Chancellor

By Patrick Blum in Vienna

AUSTRIA'S Socialist Chancellor, Dr Franz Vranitzky, formally tenedered his resignation and that of his government yesterday.

President Kurt Waldheim accepted the resignation and a spokesman said that the president would today ask Dr Vranitzky to form a new Government.

The search for a new government may prove difficult following the socialists' narrow victory over the Conservative Peoples' Party and the unexpectedly strong showing of the right-wing nationalist Freedom Party and of the Greens in last Sunday's general election.

Dr Vranitzky, whose party has 80 seats in the 183-seat parliament, has dismissed suggestions of a small coalition with the Freedom Party, which won 18 seats, on the grounds that it has moved too far to the right under Dr Jorg Haider, its new youthful leader.

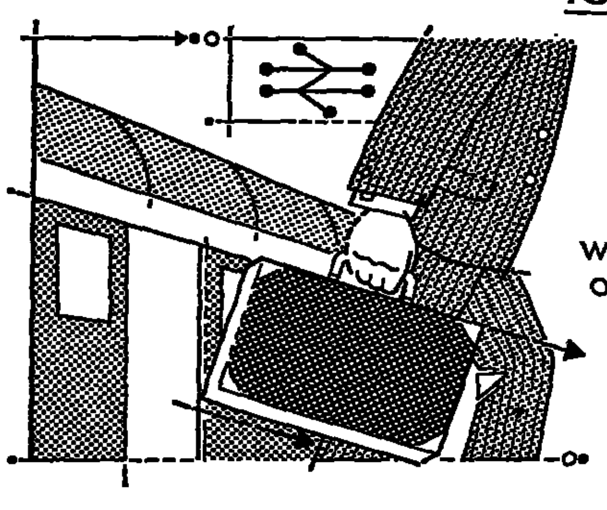
It was Dr Haider's election as Freedom Party leader that precipitated the collapse of the small coalition between his party and the Socialists last September and forced last Sunday's early general election.

On Monday, Dr Vranitzky made it clear he would seek an agreement with the People's Party on forming "a grand coalition" between their two parties such as ruled Austria from 1945 to 1966.

The Peoples' Party, with 77 seats at the last count, also lost ground, although not so heavily, to the Freedom Party and to the Greens which won eight seats. Dr Alois Mock Peoples' Party leader, said yesterday that his party would seek the "broadest possible basis for government with new elements."

The Peoples' Party has left open the possibility of a grand coalition or of a small coalition with the Freedom Party despite widespread reservations about such an alternative.

Senior Peoples' Party politicians have also suggested that they could go into opposition, thereby possibly forcing a new election, but this is not regarded as a very likely choice.



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Gold Fields rejects court ruling on strike

By Jim Jones in Johannesburg

THE WAGE dispute between Gold Fields of South Africa and the all-black National Union of Mineworkers (NUM) has been extended by the company's refusal to accept an industrial court ruling on strike balloting.

On Monday the court instructed Gold Fields to permit the NUM to ballot employees at all seven of the company's gold mines, not only at the three where the company was prepared to provide ballot facilities. The court also instructed the company to allow strike meetings to be held on all seven mines and ordered it to pay the NUM's costs.

Gold Fields says it intends to appeal against the ruling in the Rand Supreme Court. Labour experts in Johannesburg believe that this could delay a final decision for several weeks

The dispute began in July when Gold Fields dropped out of wage talks between the Chamber of Mines and the NUM and subsequently refused to grant increases in line with the 19.5 per cent to 23.5 per cent granted by four other mining companies. Wildcat strikes at three of the group's gold mines ended two weeks ago amid allegations that NUM members had intimidated non-strikers and that the company's private security force had compelled men to return to work at gunpoint.

AUSTRALIA'S SPY BOOK TRIAL

Wright sheds light on Pincher book

Peter Wright (right): 'I sensed I was being drawn into an authorised but deniable operation'

Chris Sherwell reports from Sydney

MR PETER WRIGHT, the ailing former British spy whose memoirs the UK Government is attempting to suppress, yesterday shed dramatic new light on the peculiar circumstances which led him to write his controversial book.

His intervention came despite the fact that he is shortly to appear as a key witness in the New South Wales Supreme Court, which is hearing a British application for a permanent injunction against him and his publishers, Heinemann Australia.

Mr Wright's move was prompted by what he called the British Government's selective leaks to the London Times in an effort to discredit him.

In a separate development, doubt also surrounded suggestions that the UK Government might allow sensitive documents demanded by the court to be seen only by the judge, Mr Justice Powell.

Counsel for Mr Wright and Heinemann yesterday produced numerous books, articles and documents on the British security services. This was apparently aimed at highlighting the weighty volume of detail already published on their operations and structure, and confirming the UK Government's past lack of action to restrain publication.

But it was the elderly Mr Wright's intervention from outside the court which was the day's most significant development.

His statements were directed mainly at British Government attempts in 1980 and 1981 to deal with allegations that Sir Roger Hollis, former head of the MI5 security and counter-espionage service, was a double agent working for Moscow.

They sought specifically to rebut assertions in Monday's Times concerning royalties paid to Mr Wright, and threw important new light on how he had been drawn into what he called "an authorised but deniable operation" which would put the Hollis affair into the public domain.

The implication of this for the case now being argued before the courts is that previously published accusations concerning Sir Roger—notably in the 1981 book Their Trade is Treachery by Chapman Pincher—were authorised by the UK Government.

Their Trade is Treachery is important because it was the first publication to say that Sir Roger had come under suspicion and been investigated. The book prompted a House of Commons statement from Mrs Margaret Thatcher, the British Prime Minister, on the day it was published.

She then confirmed that Sir Roger had been investigated, but said there was no proof that he was a double agent.

Mr Wright, in his memoirs, is believed to assert otherwise, and also to allege that MI5 indulged in illegal activities at home by plotting against Mr Harold Wilson's Labour Government and bugging foreign embassies.

Mr Wright said yesterday he had received an approach totally out of the blue from Lord Rothschild in summer 1980.

He came to Britain and asked Lord Rothschild to give a paper he had written on the Hollis affair to Mrs Thatcher. According to Mr Wright, Lord Rothschild said Mrs Thatcher was 'inexperienced in intelligence matters and that this approach would not work.'

Lord Rothschild then suggested that the best way to procure an investigation was to have someone else write a book. He suggested Mr Pincher, who appeared shortly afterwards. "I had the distinct impression this meeting had been pre-arranged," said Mr Wright.

Arguing that Mr Pincher's book was in effect authorised, Mr Wright said he knew Lord Rothschild to be "an intimate confidant of successive heads of British intelligence establishments."

He added: "I could not conceive of him embarking on such a project without knowing it had the sanction, albeit unofficial, of the authorities.

"I sensed I was being drawn into an authorised but deniable operation which would enable the Hollis affair and other MI5 scandals to be placed in the public domain as the result of an apparently inspired leak."

It thus seems clear that Mr Wright ended up dissatisfied with the book, since it did not directly support Mr Wright's own contention that Sir Roger Hollis was a double agent. It is this which seems to have driven him to write his own version of events.

Japan and US in row over cost of bases

By Andrew Baxter and Ian Rodger

JAPAN and the US have clashed over which country is to pay for higher costs at US military bases in Japan.

Because of the rise in the yen, the US military is finding it increasingly expensive in dollar terms to pay the 20,000 local employees at its bases. The bill this year, while decreasing slightly in yen terms, will rise in dollar terms from \$400m last year to over \$550m.

The US has demanded that Japan cover part of this increased cost, implying that some of the workers might have to be made redundant if its demand is not met.

Japanese officials feel the request is unfair. Legally, the employment of local workers is covered by the US-Japan Joint Security treaty, which makes clear that the US is responsible. Morally, Japan would feel awkward helping the US face the consequences of the strong yen when other victims, such as developing countries with yen denominated debts, would appear to have stronger claims.

On the other hand, the Japanese have become increasingly grateful to the US for its defence commitment, and have been responsive to US demands in recent years that it increase its own defence spending.

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MARTIN MARIETTA

Aids threatens to engulf Africa, warns report

BY STEPHANIE GRAY

HUMANITY'S Aids frontline is now in Africa, according to the latest report on the disease, published yesterday. Already a quarter of the population of the population of some central African cities is infected with the human immunodeficiency virus (HIV) that causes the disease, the report says.

Ultimately, the report predicts, some African countries may have their population halved.

The report, published by the Panos Institute, an international information agency that promotes Third World development, in conjunction with the Norwegian Red Cross, describes the extra difficulties of dealing with a disease that, in contrast with experience in Europe and North America, is mostly spread by heterosexual contact.

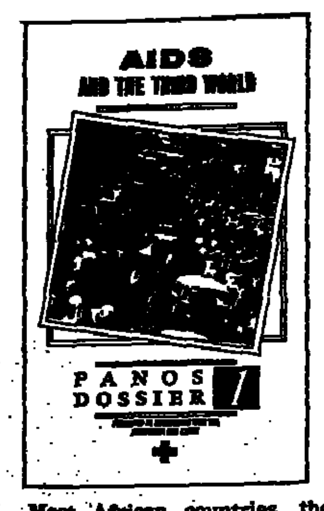
Most of those infected are in their 20s and 30s, as many women as men, with the better-educated especially affected. "They are their nations' bread-winners, the professionals in whom rests so much hope for the future," he report says.

Babies too are among those most affected, with Zambia expecting to care for 6,000 infants with Aids next year.

Apart from sexual transmission, there appears to be a link with frequent blood transfusions often given to women during pregnancy because of anaemia resulting from multiple pregnancies.

A nurse in Kampala who tested a hospital's stored blood, discovered that 14 per cent of it was infected with the Aids virus.

The re-use of disposable needles, as in the western world, is also a cause. Many more innoculations are required in Africa and the rest of the Third World. More often than not, it is feared, the needles have not been properly sterilised.



Most African countries, the report says, have so far chosen not to publicise the Aids situation.

"They have an understandable reluctance to reveal the scale of the problem before being able—and being seen to be able—to do something about it.

"They have legitimate fears of reducing tourism revenue, of damaging foreign investment, of stimulating fear and racism in donor countries."

By April this year, however, blood test had reliably shown the presence of HIV virus in at least 23 countries.

The exact number of people infected has been impossible to establish, but figures range from 0.7 per cent of blood donors in the Congo carrying the virus, to as high as 18 per cent of donors in Kigalia and 33 per cent among men between the ages of 30 and 35 in Lusaka.

Among female prostitutes, the number carrying the HIV virus ranges from 27 per cent in Kinshasa to 88 per cent in Nairobi.

Aids and the Third World. The Panos Institute, 8 Alfred Place, London WC1E 7EB.

Disease fear sparks hostility against West

BY VICTOR MALLET IN LUSAKA

Overburdened health services are unable to cope with a threat that could wipe out millions

AFRICAN Governments, their overburdened health services unable to cope with epidemics of Acquired Immune Deficiency Syndrome (AIDS), are reacting to the alarming spread of the disease with a handful of preventive measures, a certain amount of secrecy and fear, and a great deal of hostility towards the West.

Known as "Slim" in parts of the continent because of the appearance of its victims, the disease and the fear of catching it have affected African life in a variety of ways, ranging from a depression in the second-hand clothes market in Zanzibar to a decline in the Zambian custom of sharing mugs of maize beer.

Prostitutes in tourist destinations such as Kenya—where tests in some areas have found that two-thirds of prostitutes are carriers of the virus—are facing a sharp fall in the number of clients.

But fear of infection appears to have had little impact on the kind of sexual promiscuity practised in Zambia, Zaire and other Central African nations. There are few homosexuals or intravenous drug users in black Africa and Aids, transmitted by sex, blood transfusions, infected medical needles or from mothers to their unborn children, strikes men and women in roughly equal proportions.

Accurate statistics are scarce, but the World Health Organisation has said that Aids is more serious in Africa than anywhere else. Between 2m and 5m people on the continent are thought to carry the virus, and hundreds of thousands of these are likely to catch the incurable disease and die.

Africans often express outrage at the theory that Aids originated in African green monkeys and some governments, fearful of a decline in the tourist trade, reject suggestions that the continent is worse affected than Europe or America.

Recent calls in Britain for the screening of visitors from Zambia, Tanzania and Uganda for Aids provoked bitter protests and accusations of racism from Africans.

"We may reciprocate in the same way if Britain goes ahead," said Zambian Health Minister Pickson Chitambala. "After all, Aids is a capitalist disease which is not only common in Zambia but throughout the world."

Not surprisingly, the African media gave considerable space to reports that Aids was the result of US bacteriological warfare experiments, a charge dismissed by the Americans.

Most doctors are happy to drop the controversy over where Aids began and get on with the job of restricting its growth. Some traditional African doctors claim to have found herbal cures, while conventional doctors are promoting chastity as the best medicine.

Newspaper banned in Indonesia

By John Murray Brown in Jakarta

INDONESIA HAS banned the two latest editions of the Asian Wall Street Journal, the Hong Kong-based daily which is considered one of the region's most influential business publications.

The ban follows two front page articles about the alleged business activities of President Suharto's family.

A story on Monday entitled "Suharto-linked monopolies hobble economy" was followed yesterday by a detailed study of one of those monopolies, plastics, which the President's family is said to control.

In the past, the authorities usually simply blacked out offending articles in foreign publications. Yesterday's ban is seen as a measure of the Government's increased sensitivity to such criticism ahead of next year's parliamentary elections.

Warm Indian welcome for Gorbachev

By John Elliott in New Delhi

INDIA yesterday laid on the most fulsome welcome it has given any foreign visitor in recent years for Mr Mikhail Gorbachev. The Soviet leader arrived in New Delhi mid tight security for a four-day visit and was hailed by Mr Rajiv Gandhi, India's Prime Minister, as a "crusader for peace."

The warmth felt for the Soviet Union by the Indian Government, and the wish to demonstrate this both to Mr Gorbchev personally and to a wider audience internationally, was shown both by Mr Gandhi's welcoming statement and by unusually extensive street decorations and crowds.

The Russian leader and his entourage of over 40 ministers and advisers were transported in a fleet of specially imported black bullet-proof limousines, accompanied by squads of security men brought from Moscow. Some Afghan demonstrators were arrested.

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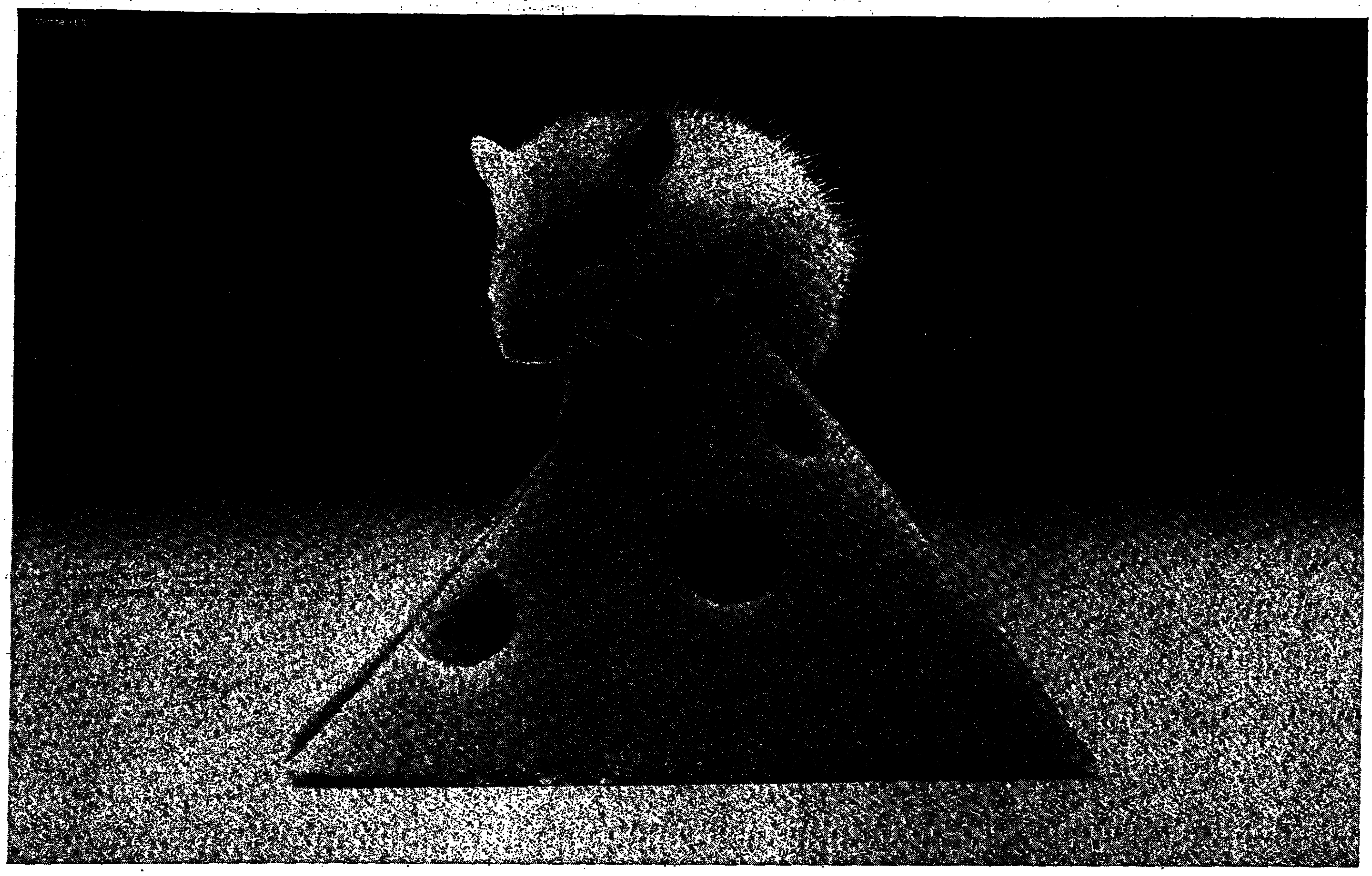
How do you stick to your credit culture when temptation's right under your nose?



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TURMOIL IN THE WHITE HOUSE

Shultz may win back foreign policy control

BY STEWART FLEMING, US EDITOR IN WASHINGTON

VICE ADMIRAL John Poindexter's resignation yesterday as President Reagan's National Security Adviser and the planned investigation into the foreign policy role of the National Security Council signal an important victory for Mr George Shultz the Secretary of State, in his struggle for predominance in foreign policy-making.

George Shultz: struggle for dominance

But the dramatic revelations are unlikely to signal the end of the controversy over US foreign policy which erupted two weeks ago when it was disclosed that the White House had been secretly shipping arms to Iran and violating its own anti-terrorist policy.

Mr Shultz, had publicly disowned the arms shipments decision and on Monday his deputy Mr John Whitehead made it clear in congressional testimony that the State Department believed the NSC's role in the foreign policy-making process had damaged the credibility the US.

By effectively dismissing Mr Poindexter and ordering an investigation into the NSC staff, Mr Reagan has accepted directly Mr Shultz's arguments about the role of the NSC. But he has not done what Republican leaders such as Senator Robert Dole have said he must do to put the Iranian affair behind him, namely to admit that the arms sales to Tehran were a mistake.

On the contrary, the President has given weight to criticism of the administration's foreign policy-making by admitting the link between the Iranian blunder and the administration's controversial support for Contra efforts to overthrow the Nicaraguan Government and by maintaining that his top foreign policy advisers other than Mr Poindexter did not know of that link.

One obvious question which will have to be addressed is who will succeed Mr Poindexter and what role that person will play.

Having won the first round of his struggle for power, Mr Shultz will clearly be determined to ensure that, whoever gets the job, it will be defined in such a way as to ensure a new incumbent does not pose a threat to the State Department's pre-eminence in foreign policy-making.

Conservatives inside and outside the Reagan Administration, who distrust the Secretary of State and in particular his apparent enthusiasm for reaching arms control agreements with Moscow, will try to ensure that Mr Reagan appoints a counterweight to Mr Shultz.

The outcome of this struggle will have an important influence on the Administration's foreign policy agenda over the final two years of the Reagan presidency.

Mr Reagan's decision to back Mr Shultz yesterday suggests, however, that the Secretary of State is well positioned to prevent a new rival with and agenda different from his own from emerging.

But if there are signs that Mr Reagan is moving towards achieving more coherence within the foreign policy-making mechanisms inside the White House, other problems are already looming on the horizon.

Questions about who knew what and when about the Iranian arms sales and the efforts to circumvent Congressional curbs on US funding for the Contras will now be subject to gruelling investigation by the Democratic-controlled Congress. Both Republicans and Democrats on Capitol Hill are angry about the Reagan Administration's lack of consultation with the legislative branch and not only on the Iranian and Nicaraguan issues. Congress takes its legal prerogatives seriously and has demonstrated often enough in the past that an executive which steps beyond the law can expect no sympathy.

The defence that it was only lower-level officials such as Lt Col North who erred will be rigorously investigated. If it fails to hold up, Mr Reagan will be in deep trouble. Even if it does hold up, Mr Reagan can expect much more rigorous and critical Congressional oversight of all aspects of his foreign policy, not just controversial elements such as policy towards Nicaragua.

Finally, there is the issue of competence. Even erstwhile supporters of Mr Reagan have been horrified at what they see as the political ineptitude of the way the White House, in particular Mr Donald Regan, the Chief of Staff, have handled the Iranian foreign policy blunder, leaving the President alone to take much of the blame and allowing a public slanging match to erupt between administration officials.

Those charges, which led to reports over the weekend that Californian friends of the President were pressing for the departure of Mr Regan, Mr Poindexter and Mr Shultz, will surface again if it appears that yesterday's decisions have not signalled the beginning of the end of a month which has seen the President's credibility damaged and the American people begin to question his handling of his job.

Poindexter: President's adviser who kept own agenda

BY LIONEL BARBER IN WASHINGTON

VICE-ADMIRAL John Marlan Poindexter, 50, whose resignation was announced yesterday, had cut an uneasy figure on the Washington stage in his brief 11 months as President Ronald Reagan's National Security Adviser.

A shy man who graduated first in his class at the United States Naval Academy, he had been dubbed the bureaucrats' favourite bureaucrat. Yet the impression that he was a low-profile senior adviser to the President has proved seriously wrong in recent months.

Mr Poindexter has been intimately involved in some of the most controversial areas of US foreign policy, specifically covert actions in Iran, Nicaragua and an elaborate disinformation campaign this year to give the impression that the US was about to launch an attack against Col Muammer Gadaffi, the Libyan leader.

One Capitol Hill observer said: "When Poindexter came in, everybody complained that he was a nobody. Now everybody is complaining that he is in fact a somebody who very much has his own agenda."

This agenda was largely drawn up among the National Security Council staff in the White House, a team of about 50 officials who serve the President. Lt-Col Oliver North, the second resignation yesterday, served as Mr Poindexter's point man for these covert operations.

Admiral Poindexter: "gungho" policy

The first charge against the National Security Adviser is that he directed a "gung ho" policy which undercut the State Department in its forceful anti-terrorism stance and embarrassed the US in front of its allies.

Mr Poindexter, flushed out by the Iran controversy, was forced to go public. In an article in the Wall Street Journal published on Monday, he described opening contacts with Iranian moderates in Iran as "the prudent option," a calculated risk in developing a dialogue with a strategically vital Gulf state.

These higher goals do not fit the reality of the undercover operations either in Iran or Nicaragua. Although the full story of the arms sales has yet to emerge, there are serious questions about the legality and the size of the arms shipments – both to the Contra rebels fighting the Sandinista Government and to the Iranian Government, identified by the US Government as a sponsor of international terrorism.

The President's men – Mr Poindexter and Lt-Col North – have departed. But the legacy of their roles is likely to reverberate for some time to come.

Israeli leaders in crisis meeting

By Andrew Whitley in Tel Aviv

TOP ISRAELI leaders gathered last night for a crisis meeting, to discuss the implication of Israeli arms dealers in the alleged siphoning off of funds from the sale of US arms to Iran.

Behind a solid wall of "no comments" from government spokesmen, Mr Shimon Peres, the Foreign Minister, and Mr Yitzhak Rabin, the Defence Minister, met with their closest aides to discuss how to respond to yesterday's revelation by Mr Edwin Meese the US Attorney General. His investigations were said to have uncovered an Israeli link in the apparent misappropriation of Iranian arms sales receipts.

Press reports have identified two prominent Israeli businessmen Mr Al Schwimmer, the founder of Israel Aircraft Industries, and Mr Jacob Nimrodi, an Iranian-born former agent of the Israel intelligence services, as having been the key middle men in the transfer of weapons and military spare parts to Iran.

Democrats outraged at latest revelations

BY NANCY DUNNE IN WASHINGTON

CONGRESSIONAL Democrats yesterday reacted with predictable outrage to the new White House revelations that millions of dollars received for the sale of US arms to Iran ended up in Swiss bank accounts used by Nicaraguan rebels.

Congressman Jim Wright, the House majority leader, said that US law, which had prohibited military aid to the Contras, had been "violated in spirit and was probably violated in letter."

"Even a President must respect and obey the law," he said. The President "should have been aware of what was going on" and if he did not it was "a confession of a great void in the execution of US foreign policy."

Senator Robert Byrd, who along with Congressman Wright and other congressional leaders was briefed by the White House before the presidential announcement, called the situation "a mess . . . when the President doesn't know what's going on in the basement of the White House.

"What this says is nobody seems to be in charge of the foreign policy of this country," he said. "The White House is in a chaotic state of affairs."

He called for the appointment of a board to examine and set forth US foreign policy goals.

The resignations of Vice-Admiral John Poindexter and Lt-Col Oliver North from the National Security Council will plainly be insufficient to satisfy Congressional Democrats.

"One or two scapegoats won't be enough," said Senator Byrd. "This is eating away at the energy and time of the Administration." Nothing would serve until there was complete disclosure to Congress, he said.

Both legislators said Congress would insist on investigating the matter to "bring it all out into the open." Congressman Wright said it "defies credibility" that Colonel North had acted on his own in handling the deal.

US DOLLAR THE WORLD VALUE IN THE FT EVERY FRIDAY
INTERNATIONAL PROPERTY REVIEW THE FT EVERY FRIDAY

Yeutter warns of further decline in dollar

BY STEWART FLEMING

MR CLAYTON YEUTTER, the US Trade Representative, has warned that unless the industrial countries follow economic policies designed to reduce trade and budget imbalances a further decline in the value of the dollar is to be expected.

"If we do not follow a policy mix which will get us back to equilibrium then . . . ultimately the underlying economic fundamentals will out and the exchange rate will take the strain," Mr Yeutter told a trade policy seminar at the Institute for International Economics in Washington.

Mr Yeutter also expressed concern about the pace of economic growth in the industrial world. "The US cannot be the only (economic) locomotive in the world. At some time it is going to slow down so somebody else's locomotive must be ready to speed up."

Asked about the Administration's trade policy and the new Democratic majority in the Senate, Mr Yeutter said that its legislative strategy had not yet been determined. Leading Democrats are making it clear that they intend to push for legislation which will in part strengthen US trade laws.

Manufactured goods orders show 6% fall

BY NANCY DUNNE

US ORDERS for manufactured durable goods fell by 6 per cent last month, the largest decrease since a 6.8 per cent decline in April 1984, the Commerce Department said yesterday.

The drop comes one month after the department reported the largest rise in almost two years in orders for durables—the most expensive manufactured products with an average life of three years or longer.

In part, this volatility results from the inclusion of defence orders, which declined 43.1 per cent last month. However, the rise in September and the fall in October were reflected in the non-defence categories as well. Excluding the defence sector, durable goods orders last month declined 2.7 per cent, following a 4.6 per cent increase in September.

Orders for transportation equipment, which soared by 8.8 per cent in September dropped by 11.8 per cent last month as the Pentagon cut orders for ships and armoured tanks. Machinery orders declined by 6.4 per cent, more than offsetting a 5 per cent September increase.

The Labour Department yesterday reported a slight 0.2 per cent rise in consumer prices, as higher new car prices offset a dip in petrol prices.

Meanwhile, the Treasury said yesterday that in October, the first month of the fiscal year, the budget deficit hit $25.26bn. The report calls into question the Reagan Administration's August estimate that the deficit would shrink to $144bn in February next year.

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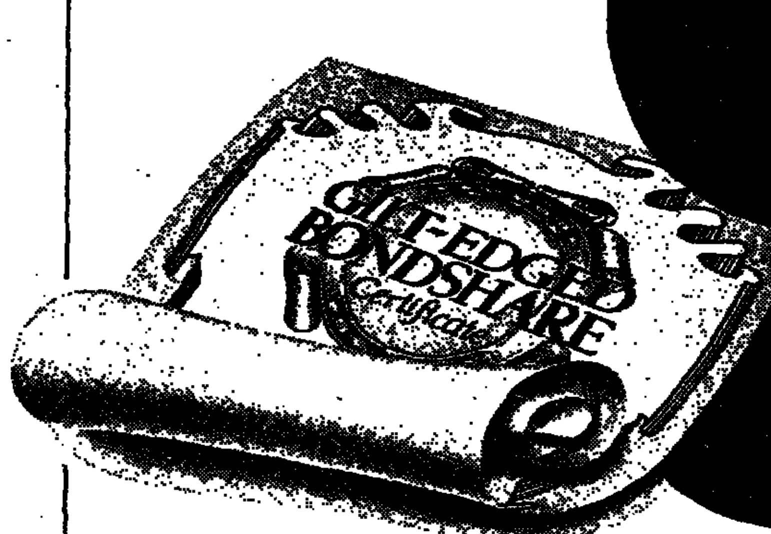

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ABBEY NATIONAL

WORLD TRADE NEWS

Jaguar launches new marketing venture in Japan

BY CARLA RAPOPORT IN TOKYO

JAGUAR, Britain's luxury car maker, yesterday launched a new marketing venture with Seibu Department Stores, one of Japan's most progressive retailers. Jaguar has established Jaguar Japan, a company which *aims to cash in on the growing* number of wealthy Japanese who want to buy prestige cars.

Sir John Egan, Jaguar's chairman, said in Tokyo yesterday: "The time is right to come to Japan." Despite the car's Y9m (£37,190) price, Jaguar Japan aims to boost sales from 500 a year to 3,000 a year within five years. Sales are projected to reach Y30m or more by the end of the decade.

Jaguar has until now been sold through the country's Austin Rover outlet.

The Seibu Saison group, the family-owned parent company of Seibu Department Stores, has dealer rights in Japan for Saab of Sweden and Peugeot and Citroën of France through its Seibu Motor Sales arm.

Sales of these cars have not been a great success, but Seibu executives stressed that the Jaguar joint venture launched yesterday is with the Seibu Department Stores group, not the motor sales arm.

Mr Mitsuo Yamazaki, president of Seibu Department Stores, said the company had considerable experience in selling imported luxury goods, such *as Hermes scarves and Yves St* Laurent products.

The group will market Jaguars through its nationwide network of 1,600 salesmen who sell luxury products to targeted families. It has a list of 30,000 such customers, he added.

Jaguar Japan will initially have dealerships in Tokyo and Osaka but intends to develop a registered franchise network throughout Japan. The new joint venture, capitalised at about $6m, is owned 60-40 by Seibu and Jaguar.

David Gardner reports from Bogota on what could be a bruising battle over an oil strike

Colombian tax claim puts Occidental on defence

OCCIDENTAL PETROLEUM and the Colombian authorities are locked in what could be a bruising battle over the 1bn barrels oil field *at Caño Limon* near the Venezuelan border, the biggest oil find in Latin America since Mexico's huge deposits were discovered.

The row centres on attempts by the Colombian tax authorities to levy $800m in extraordinary capital gains taxes and fines on the Los Angeles-based company's local sub*sidiary, Occidental de Colombia* (Oxycol).

The taxman's target is the *1983* transaction whereby Oxycol transferred part of its 50 per cent share in the association contract for Cravo Norte (where Caño Limon is sited) to the Colombian subsidiary of Cities Service, the US oil company it purchased the previous year. This stake was sold last year to Royal Dutch Shell for $1bn.

Oxycol had been exploring in the Llanos, or marshy flood plain ofeastern Colombian, since 1980, under a 50:50 joint venture association contract with Ecopetrol, the state oil company.

Occidental says that after spending more than $50m in the region without success, it tried to farm out further exploration costs, approaching Shell, Exxon, Amoco, Elf Aquitaine and Tenneco, among other companies, in 1982-83, to offer them half its share in the Cravo Norte acre*age for $6m.*

There were no takers so the shares were assigned to Colcitco, the Colombian Cities Service subsidiary, in order to offset further costs against Colcitco's small profits from another local field.

"*This transfer was approved* by Ecopetrol on March 23, 1983 and was formalised on April 27, 1983," Oxycol said

However, the Colombian comptroller-general's office, where the tax controversy originates, claims the transfer occurred on June 7, 1983, the day after Oxycol discovered Caño Limon, implying a deliber*ate attempt to conceal* the extent of the find, profit unilaterally from it and evade taxes.

Oxycol *insists* that the share transfer was only "protocolised" on June 7, that the first Caño Limon exploratory well reached its total depth on June 10 and that only on July 9 was a discovery established. Confirmation, it adds, was only established by a second well on October 20, when Oxycol notified Ecopetrol of commercial viability, which was accepted by the state company on November 15.

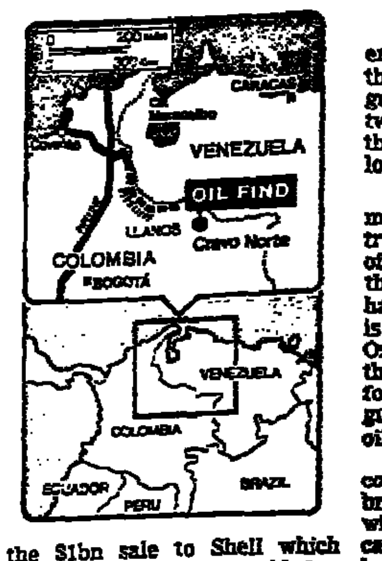
Subsequently Occidental claimed — not least to its shareholders — that the Cano Limon reservoir contains over 1bn barrels *while* Ecopetrol used the more cautious figure of 600,000.

Oxycol emphasises that only in June this year did the two *sides agree* on a 782.3m barrels reserve figure for the field, "which is the figure that the national tax *administration* proposes to use now to value a transaction executed more than three years ago when no oil had yet been discovered."

From today, the ministers of finance and mining and energy, and Ecopetrol and Oxycol chiefs are due to start explaining themselves before Colombia's Congress. But it is already clear that the controversy may badly damage both sides.

The first opinion to emerge from the Colombian comptroller-general's office on November 3, *for instance*, knocked Occidental shares back $1.50 to $27.62. The buccaneering Dr Armand Hammer, Oxycol's principal shareholder, promptly described the tax claim as "absurd and ridicu*lous" in a statement* to the Los Angeles Times, while Oxycol started an intensive lobbying *effort* in Bogota.

The Cano Limon find, and



the $1bn sale to Shell which arose from it, has provided a powerful attraction for Occidental investors and strength for its stock against creditors who, until this year, prowled the corporate oil scene in the US.

Detailed local press coverage *of* the row, Oxycol officials admit, has swelled a recent wave of bad publicity for the *company*, provoked largely by disputes over desirable output and export levels from Cano Limon, and the mounting costs of developing it.

These are now *close to* $2bn.

The enormously complex engineering task of completing the 500 mile pipeline from the guerrilla-infested Llanos, over *two ranges* of the Andes, to the Caribbean port of Covenas, looks set to cost $850m.

The total cost of the Covenas maritime loading complex has *tripled* to over $120m, critics of the scheme say. They argue that Ecopetrol's provision of half the development capital is largely to underwrite Oxycol's export plans, whereas the scarce funds could be used for further exploration to safeguard Colombia's newfound oil self-sufficiency.

Partly as a result of this controversy, the *pipeline* — broken about 20 times by left-wing guerrilla sabotage since it came on stream in July — has been nationalised, causing yet another row.

Colombia has compelling reasons for wanting a smooth settlement to the conflict. The technocratic but politically faltering government *of* Mr Virgilio Barco wants to diversify Colombia's exports away from coffee (which earns half its foreign exchange) by liberalising trade and inviting new foreign investment, above all in energy and agri-business.

The endemic lawlessness in Colombia — with about 10,000 murders a year, kidnapping for ransom a fully-fledged industry, entrenched cocaine traffickers with private armies and guerrilla bands roaming a third of the country — makes the paradoxical attachment of its *ruling elite* to the forms of the law one of the country's few investment selling points.

Some observers believe the Government will not risk obscuring this for short term gains and that it is not seeking back taxes so much as better future terms from Oxycol. Furthermore, the association contracts under which Oxycol and some 60 other oil and mining concerns operate in Colombia have permitted exploration investments of over $1.5bn in the decade up to the Caño *Limon find*, as well as the $3.2bn development as a joint venture with Exxon of the huge El Cerrejon coal *deposits* in the Caribbean Guajira peninsula. Colombia would be hard-pressed to find this level of funding on its own.

An Oxycol legal adviser said: "I feel pretty confident we'll get fair treatment in the courts." But he warns that the company is *prepared* for a drawn-out battle if necessary and "that's going to leave a bad political smell, for them and for us."

US-Canada talks likely to stress import relief rules

BY BERNARD SIMON IN TORONTO

THE FREE trade talks between Canada and the US are likely to attempt to draw up new import relief rules to govern disputes between the two countries.

Mr Thomas d'Aquino, president of the *Business Council* on National Issues (BCNI), a group of 150 chief executives *of Canadian companies*, told a New York audience that rules dealing with such measures as *subsidies, anti-dumping rules* and countervailing duties will be "one of the most important *components of a bilateral agree*ment."

Although Mr d'Aquino was *speaking in his BCNI capacity*, he indicated earlier that his views reflect Canadian Government thinking on the content of a free trade agreement.

The US and Canada have been embroiled in several disputes this year involving so-called import relief laws. Washington has imposed a 15 per cent countervailing duty on Canadian softwood lumber, while Ottawa earlier this month placed a heavy duty on imports of cheap US corn.

Mr d'Aquino said that the two countries may agree to prohibit or restrict certain *kinds of subsidies*, or set a certain share of the domestic market which must be obtained by each other's imports before permitting trade complaints to proceed. Alternatively, the injury threshold needed to trigger a trade action may be raised.

He also predicted that the agreement, if concluded, will involve the elimination of tariffs on almost all merchandise trade, but will make only a modest start in liberalising trade in services.

The two negotiating teams have set up eight working parties to deal with specific issues, and are aiming to produce an agreement by early 1988

HK export surge cuts deficit

HONG KONG'S total exports surged 41.1 per cent in October from a year earlier, narrowing the colony's trade deficit for the month to HK$350m (£32m), AP-DJ reports from Hong Kong.

Domestic exports climbed 37.6 per cent to HK$15.36bn from HK$11.16bn a year earlier, while re-exports — goods assembled in Hong Kong from components made elsewhere — were up 45.7 per cent to HK$12.29bn from HK$8.43bn in October 1985.

Imports increased to HK$28bn —40.3 per cent above their level of HK$19.97bn a year earlier. As a result, the trade deficit was trimmed from HK$368m in October 1985.

For the first 10 months of the year, however, the colony's trade deficit was HK$1.05bn, compared with a surplus of HK$4.27bn during the same period of 1985.

Private sector inertia 'slowing trade'

BY WILLIAM DULLFORCE IN GENEVA

PRIVATE-SECTOR intertia *is* blamed for the failure of the Gatt agreement on government procurement to stimulate more international trade and to induce more foreign enterprises to bid for state contracts.

This is the view of some officials of the General Agreement on Tariffs and Trade.

The decision by 20 of the world's biggest trading nations last week in Geneva to improve the Agreement is aimed at easing the way for private companies to tender abroad for some $25bn (£17.5bn) a year in government business covered by the present agreement.

The changes become effective from January 1 1988, if all parties to the agreement accept them, but they represent only a small step.

Greater opportunities for foreigners may emerge however from the work programme the 20 nations are to conduct on how to extend the agreement's scope, perhaps to cover services as well as goods.

But competiiton for public contracts is unlikely to intensify unless more enterprises abandon the attitude that *it is* too difficult to sell to foreign governments.

Gatt publishes a Practical Guide to the Agreement on Government Procurement* which lists the government "entities" and products covered in each country.

Much relevant information is passed on a country-to-country basis and the Gatt Secretariat feels that companies could take more advantage of the information and advice available from their national ministries and trade development organisations.

Last week's decisions have dealt with several complaints from private enterprise. By bringing equipment leasing, renting and hire purchase within the Agreement's scope, the governments have clɔsed a locphole by which state agencies could avoid awarding contracts to foreigners by leasing instead.

Foreign bidders have been given more time to prepare tenders by the extension, from 30 days to 40 days, of the minimum time limit for the receipt of tenders after a contract has been advertised.

In addition, companies applying for inclusion on selective lists have sometimes been told they must wait a *considerable* time to qualify. Now, once they have shown they can meet the stipulations, qualification will be immediate.

Governments have also agreed that a locally established supplier shall not be treated less favourably than another because it has a foreign affiliation or is foreign owned. Such discrimination was possible under the existing Agreement.

Lowering from SDR 150,000 to SDR 130,000 the value of government purchases subject to the Agreement should also help smaller suppliers to tender.

Gatt statistics on government procurement are fragile. Of the estimated $25bn in annual contracts cited as being above the SDR 150,000 threshold, some $16.5bn is generated in the US. It is not clear, however, *how much of this can be tapped* by foreign bidders.

Public supply contracts in the European Community covered by the Agreement and higher in value than the old threshold totalled $4.2bn in 1983, with Britain offering some $900m more than France ($502m) and West Germany ($410m). The comparable figure for Japan was just under $1.5bn.

The US, Canada and Sweden have been the most persistent in pressing for the Agreement's scope to be broadened, above all in sectors such as telecommunications. These areas will now be analysed in one of three working programmes.

*Available from Gatt, 154 Rue de Lausanne, 1211 Geneva; price SFr 30.

Way clear for Greek-Soviet alumina project

By Andriana Ierodiaconou in Athens

THE last major detail in negotiations for a $450m (£312m) joint Greek-Soviet alumina plant project has been resolved.

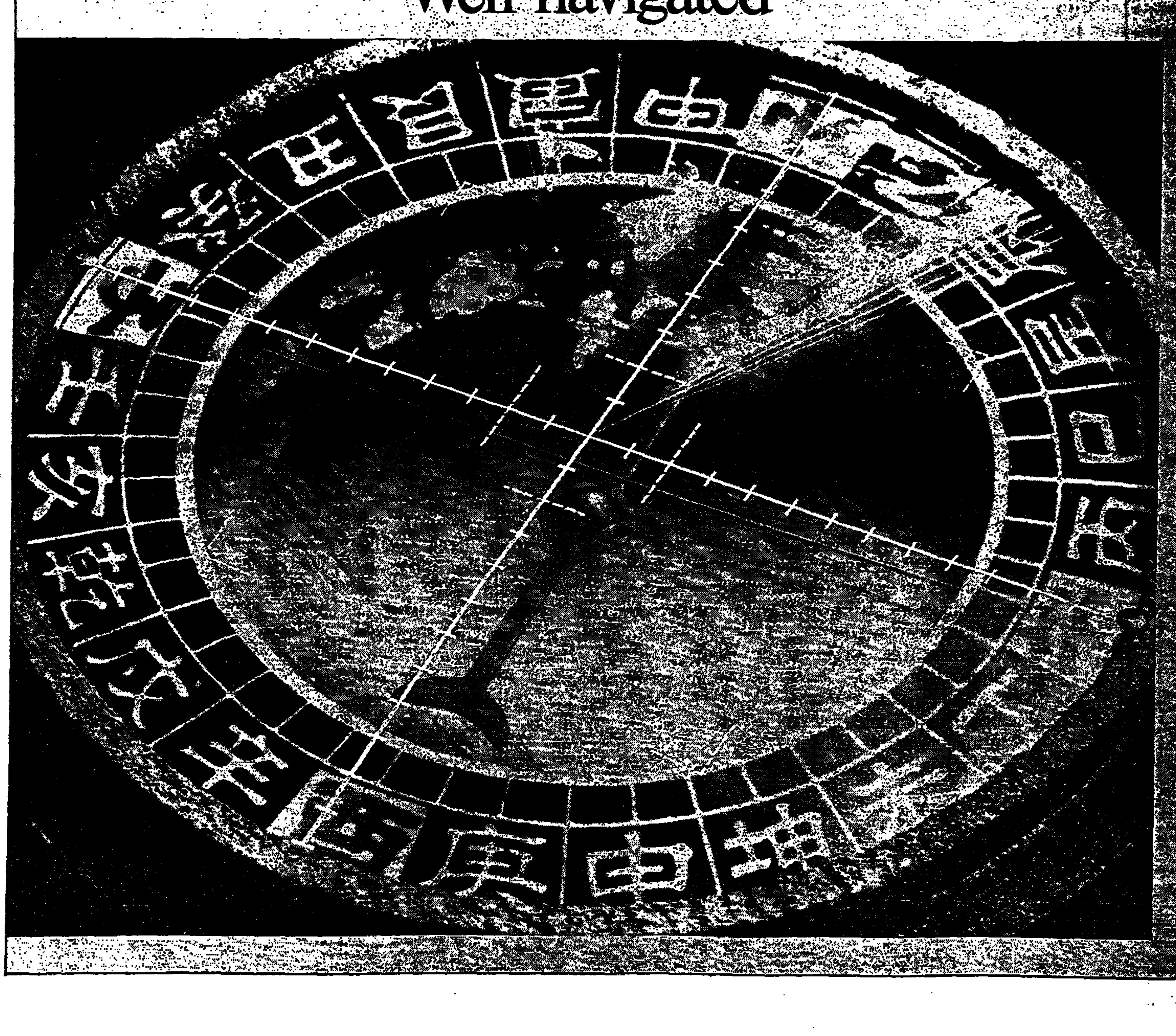
This follows an agreement in Moscow on terms under which the Soviet Union is to buy the plant's total 600,000-tonne annual production of alumina.

The Soviet Union, which was *originally set* to buy only 350,000 tonnes of alumina a year, will now also absorb the balance.

In exchange, Greece will purchase Soviet products to the value of one-third of the plant's annual production. The offset products include Soviet crude oil and industrial equipment.

The plant which would represent one of Greece's single largest industrial investments, is to use Greek bauxite. Its proposed location is in the bauxite-rich area of Phokis, near Delphi.

Well-navigated



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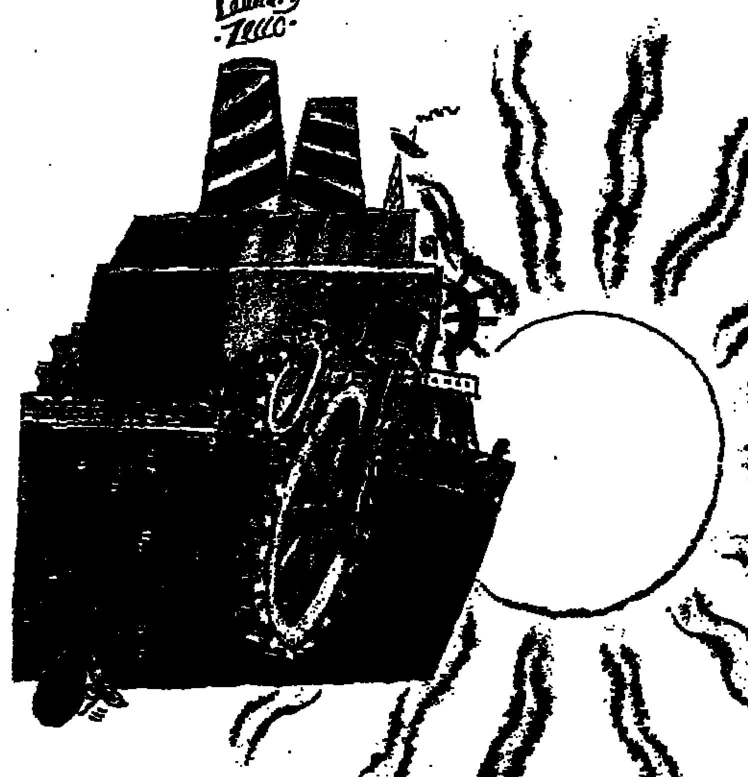

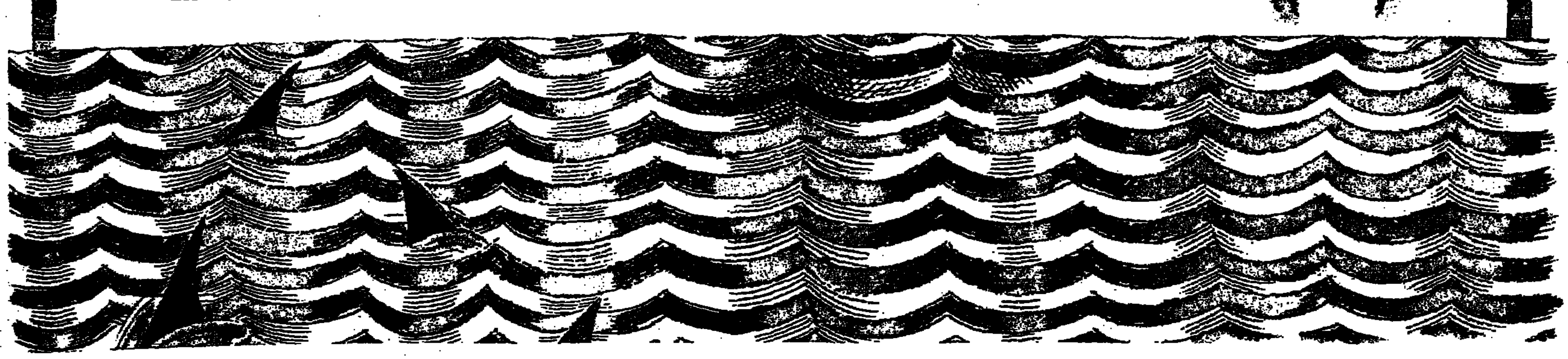

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Philip Crosby: America's quality evangelist

The doctrine of zero defect

Michael Skapinker profiles Philip Crosby

QUALITY EXPERT Philip Crosby admits there was a time when some of his own friends thought he was insane. Today he can point to a client list that includes 200 of the Fortune 500 top US companies. But there are still doubters.

He recently gave evidence to the Congressional committee investigating the Challenger space shuttle disaster. But when he offered the space agency Nasa free advice on how to improve its quality standards no one even bothered to reply.

"I never received any encouragement from the quality establishment," he says. Still, he has made progress. "There are ideas whose time has come," he says. "This was an idea whose time had come, but it took 20 years before people realised it."

The idea is Zero Defects. To Crosby, any company which is prepared to accept a rate of defects in its products of 5 or even 1 per cent is not going to survive in today's marketplace. The only acceptable level of defects is zero.

Isn't this unrealistic? If workers are told they must never make mistakes won't they become cynical about the whole quality process? After all, everyone makes mistakes some of the time. That view, says Crosby, "is a bigotry. It's on the same lines as racial bigotry."

Zero Defects does not mean that people will never make mistakes, he says. What it means is that the company does not start out expecting them to make mistakes. When defects do occur, they are not regarded as acceptable.

There are areas of work where people already insist on this standard. Employees would not agree that the payroll department is entitled occasionally to pay them 5 or 10 dollars less than their wages. Another example Crosby favours would be if a hospital announced that nurses could drop 2 per cent of babies on the floor.

Crosby cut his teeth on a variety of quality control jobs after navy service in the Korean War. An early experience was as quality manager on the first Pershing missile programme. For 14 years he was a corporate vice president of ITT, with worldwide responsibility for quality matters. In 1979 he published a book called "*Quality is Free*." It was a bestseller. Figuring that there were better and more profitable ways to spend his life than commuting through filthy New York winters to ITT headquarters he left the company and moved to Florida.

It was an opportune moment. Western companies had begun to panic at the high level of quality being attained by the Japanese, who had not been slow to take up the ideas of American quality gurus like Joseph Jurac and W. Edwards Dering.

Crosby set up Philip Crosby Associates and the Quality College, which has educated 55,000 executives in the virtues of doing things right first time.

Florida has provided him with a year-round tan. That, and his thinning golden hair and snappy dress give him the *look of a sunbelt Senator* rather than a man from the quality department. He does have a campaign button in his lapel. It says ZD, of course, for Zero Defects.

In "Quality is Free" and a subsequent book, "*Quality without Tears*," Crosby defines quality as conformance to the *requirements which the* company itself has established for its products. Most companies allow a certain deviation from specifications.

The result is that manufacturing companies can spend up *to 20 per cent of* revenues doing things wrong and doing them over. According to Crosby, this can be 35 per cent for service companies.

"Most western auto companies waste 3,000 to 5,000 dollars a vehicle doing things over and over again. For years they've been blaming their *problems on* Japanese labour rates, government subsidies, that kind of thing. But really the problem is that there are never two cars made alike," he says. "The Japanese are not marvellous 'people' people, but they *have learnt* that you have to have requirements and get people to meet them."

Is conformance to requirements enough? What about the issue of whether the requirements themselves are good enough? A company might make tape recorders to the precise specifications it laid out in advance, *but competing tape* recorders might still be more durable and better designed.

Crosby is too shrewd an operator to be caught out by questions of this sort. Asked to define quality, he comes up with something subtly different: "customer satisfaction or customer anticipation," he says. So the performance requirements are customer-driven rather than determined by the *company?* "They're all customer-driven because you have to produce something that you can sell. Then the business comes down to giving the customers what they ordered."

Crosby has no doubt about who has the primary responsibility for quality and it is not the workers. "It's like blaming the victim for the crime, and the victim is the worker," he says. "The reality is you have to get management *straight*. The workers are no problem. Eighty per cent of the problems are management caused and 20 per cent are worker caused. Every one I've ever seen. And I say 80 to 20 bcause I'm being nice. It's probably 99 to 1."

He insists he has nothing against the fashion for quality circles, groups of workers who get together to discuss quality, productivity and safety. It is just that on their own they are not enough. Quality circles are "only one element. If you don't do it as part of a management improvement process they'll die."

In the Crosby scheme of things, management sets the *tone on quality* and the workers follow their example. Employees are consulted about *manufacturing* difficulties and asked for suggestions. But the initiative must come from the top.

Isn't that an excessively top-down approach? Would it not be better to involve the shop floor from the start? "I don't think that's a fair criticism, because if you look at what we actually do, the workers are part of teams and things. We don't differentiate between *managers* and workers," he says, apparently laying aside for the moment his previous censure *of the former and exoneration* of the latter. "Everyone is a manager of something."

What about service industries? How can the Zero Defects philosophy be applied there? It is true that there are *things that have to be done* correctly in the service sector. Forms have to be filled out correctly, phones have to be answered promptly. But people can do everything correctly and still be unpleasant about it. In service companies you have more people in contact with the public than in manufacturing. *How can you measure* their manner, their tone of voice?

Well, he says, take the place where he had tea yesterday. Fortnum and Mason. He wanted tea and scones, but the waitress was being difficult about *it*. *Finally it emerged* that if you wanted tea and scones you had to order a cream tea. "Nobody explained to the lady of 50 that you've got to help the customers. Her attitude was you've got to learn to obey her. You don't sell many scones that way.

"That's a part of requirements," he adds. "We have to learn to consider and help the customer out." Some of it is *a matter* of training, some of it is just explaining the right attitude.

Is it difficult running the Quality College? People must be looking for defects all the time. Papers missing from their folders, that kind of thing. Philip Crosby declines the invitation to joke about his life's work. We *get things right* at Quality College because we establish our requirements and stick to them, he explains patiently.

FT and LBS launch award

THE Financial Times and the London *Business School are* jointly to take over the running of a national Design Manage*ment* Award scheme from Britain's Royal Society of Arts. The first FT/LBS award will be made in 1988.

Begun in 1965 on the initiative of the Duke of Edinburgh, the Society's President, the award scheme promotes the importance of design and its *management in achieving busi*ness success. Awards are made to British organisations demon*strating* a comprehensive approach to design that embraces not only their products, but also the physical environments in which they operate, and the information systems they use to communicate their purposes.

The last awards under the auspices of the RSA are being made in London today by the Duke of Edinburgh. The four winners are: Baker Perkins, the process engineering group; The Economist news magazine; Eurotherm, a maker of electronic equipment; and *Faber &* Faber, the publisher.

It is traditional for the RSA to hand over to appropriate organisations the running of schemes it has initiated. The award will continue to run every other year. Details of the next scheme will be announced in September 1987, and the awards made in May 1988.

LBS was the first major business school on either side of the Atlantic to teach design to graduate students and senior *executives*. Its design courses have been running since 1976, and in 1982 a Design Management Unit was established at the school to develop the teaching and undertake research.

The RSA is planning to launch a new type of award, for "the management of new ideas" in industry and commerce. The award scheme is being established because of concern at British industry's frequently poor record at commercialising inventions. It will place particular emphasis on the effective management of property rights.

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Britain's Design Council is to organise a design study tour of Japan from May 15-22, 1987. This follows its first such tour two months ago. Details from Design Council Marketing Services, 28 Haymarket, London SW1 4SU. Tel 01-839 8000.

Christopher Lorenz

Boards of directors

A proper balance needed

Lord Erroll of Hale offers a word of advice

THE YEAR 1985 was a bad one for several of Britain's top company chairmen.

In July, Peter Laister, chairman and chief executive of Thorn/EMI, the electricals and entertainments group, "resigned" after less than 18 months in the chair.

In August, Sir Kenneth Corfield, chairman and chief executive of STC, the telecommunications group, "resigned."

In November, Sir Ronald Halstead, chairman and chief executive of Beecham, the pharmaceuticals group, "resigned" after less than 18 months in the chair.

Is there a common thread to be *found linking* these thr.e "resignations"? I believe there is.

Each of these men was of outstanding ability and strong character. They had been elected by their boards to lead their companies successfully into the future: Peter Laister to reconstruct Thorn/EMI, Sir Ronald Halstead *to* expand Beecham and increase its profitability. The STC Board's confidence in Sir Kenneth Corfield was endorsed by the board when it launched the £168m rights issue in March 1985. Yet all three had left their positions by the end of the year.

All three were executive chairmen, and had been with their companies for a number of years. This is to say they carried the title "chairman and chief executive." They therefore had service contracts with pension arrangements to cover their executive duties, and possibly a separate fee as chairman of the board to emphasise the duality of their roles. They probably considered themselves pretty safe financially (as indeed *they proved to be*) and therefore felt free to concentrate on the mammoth tasks ahead of them.

Two of the three had already been knighted; if Peter Laister had stayed in his post a further year, he too might have become another industrial knight.

Each board consisted of a mix of executive and non-executive directors. Did these chairmen give as much time and thought to the *opinions* and views of the non-executive directors as to those of their executive directors, *in effect their managers*, whom they would see frequently between board meetings?

Thanks to persistent campaigning over the year by the Bank of England, the Confederation of British Industry, the Institute of Directors and others, the *role* of the non-executive director is much more widely recognised, although there are many boards of successful companies which still have some recruiting *to* do. And this is not easy.

There are many chairmen who need to *examine* the composition of their boards and ask themselves the following questions:

"Have I got the correct balance between executive and *non-executive* directors?

"Should I ask any of my non-executive directors not to seek reappointment when their present term ends?

"What specific qualities do I need—in addition to general business wisdom—in any future non-executive directors for my board?"

We shall *probably never* know exactly what led to the dismissal of our three chairmen.

Mystified

In January this year, Sir Ronald Halstead said: "I am *mystified* by what happened. I was undertaking the task which had been set for me when I took over the chairmanship of the Beecham Group. In 15 months, I had achieved a lot. At no time before this meeting had the non-executive directors expressed any serious concern at the conduct of the business. All matters of policy had been agreed at board meetings . . ."

However, except in Halstead's case, it is reasonable to assume that some or all of the non-executive directors on the other boards got together and, after painful deliberations, decided to send a delegation to the chairman. With what results? Anyway, *the execution order fol*lowed.

And what did the executive directors do? Did they form up in a loyal phalanx to defend their boss, to whom most of them probably owed their positions? Or did they keep their heads low?

Did the non-executive directors lobby the executive directors? Did anyone leak the plot to the chairman—was there an *element of conspiracy*?

By virtue of his position, the chairman of the board must be a lonely person. The very qualities that make him a good chairman inhibit him from having informal chats with his boardroom colleagues about how well or how indifferently he is performing. Few successful people welcome receiving personal advice, and fewer invite it. Fewer still act on it!

If the chairman does have a crony on the board, that is soon recognised, and the crony is either isolated, or perhaps used as a channel for telling him "home truths."

Yet, given that chairmen are reasonable people, they must at times wish that they could unbend in confidence to some disinterested person whom they respect.

Imagine a chairman being able to speak *in complete* confidence to such a person: "I am worried about my board. The age structure *is wrong*. Who can I recruit? And how? The senior executives all want to be *on the board*. They don't think much of my non-executive directors and, between you and me, neither do I. How can I get rid of the deadwood in my boardroom, or should I just wait until they retire or die?"

"I want to ease up, but how can I? My wife tells me I work too hard. These outside *interests* I've taken on, for the benefit of the company of course, seem to take up more and more of my time" . . . etc, etc.

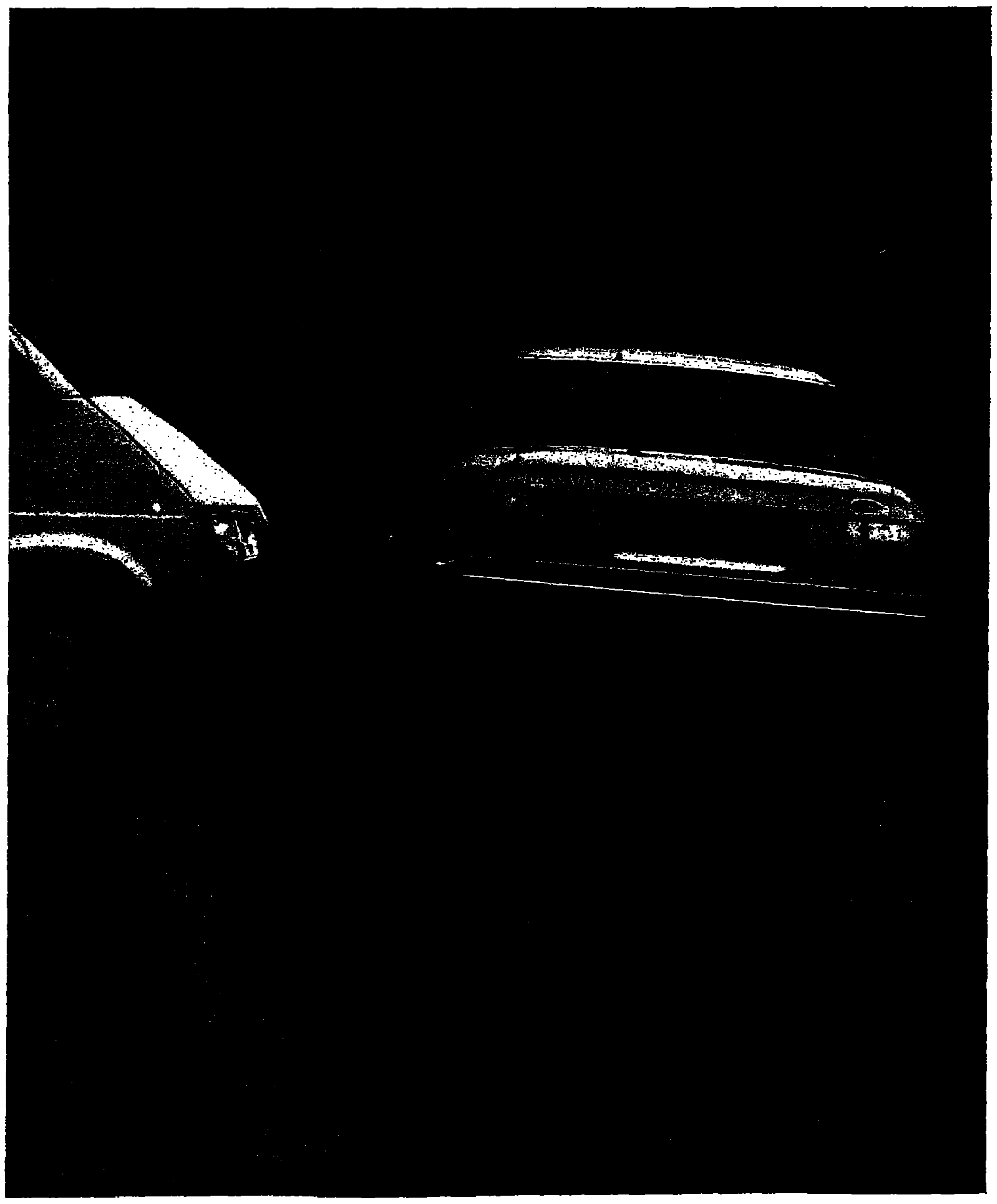
Just talking about it would do him good, but replies from an experienced and well informed person could make all the *difference* to his outlook.

Where is such a chairman's friend to be found? This must be a matter for the chairman *himself*. However busy he may be he could surely find time to think this through. Although no reference list is available, such people can be found.

The individual should preferably be a successful chairman himself, with wide experience of the vagaries of boardroom behaviour, and be actively involved in industrial and commercial life.

Whoever the chairman *approaches, it is worth* remembering that people like to be asked for personal advice and confidential opinions.

Lord Erroll, former chairman of the Bowater Paper group and other companies, is chancellor of the Institute of Directors, which runs Boardroom and Non-Executive Director Services (BNEDS).



Can you bbb bbbbbbbbbbbrake 15 times a second?

The Ford Granada can. It has ABS brakes fitted as standard across the range. Here's why they're worth having.

Chances are you've never driven a car with ABS. Most people haven't. Furthermore, you're probably perfectly satisfied with the brakes you have already. So what is the advantage of the ABS anti-lock system?

To be perfectly frank, 99% of the time, ABS brakes feel exactly the same as any other disc brake system.

It's only in an emergency that ABS comes into play. But when that happens, the system is extraordinarily effective.

Imagine yourself in the situation on the left. You're driving into work early in the morning. The road's a bit wet because the street washing truck has just been through. Suddenly a newspaper van drives out of a side street right into your path.

Naturally enough, your first reaction is to stand on the brakes. In fact, unless you're a brilliant driver, you'll probably brake too hard and lock the wheels. Then, no matter which way you steer, you skid straight on.

The ABS system is designed to help stop that happening. The system is equipped with tiny sensors which monitor the brakes on all four wheels. When you brake hard, they can 'feel' if a wheel begins to lock and momentarily release and re-apply the brakes. It can do this up to 15 times a second.

Even with the brakes full on you can steer without skidding.

This stops the wheels locking, so instead of skidding across the surface, your tyres should bite into it. That way you can make the most of the grip available and there's every chance that you'll be able to steer out of trouble.

All you feel is a slight pulse in the pedal which tells you that the ABS is working. We think that ABS is the most significant advance in braking systems since the invention of discs. In fact, it was one reason why the Granada was voted 'Car of the Year, 1986'.

So you won't be surprised to hear that, more than any other manufacturer, Ford is committed to making anti-lock brakes available to far more people.

ABS is already an option on the Sierra XR4x4 and Sierra 4x4 Ghia Estate. While, further down the price scale, we have now perfected a mechanical anti-lock brake system for front wheel drive cars as well. This is already an option on certain Ford Escorts and Orions. And, knowing Ford, the story won't stop there.

Ford

Granada. Car of the Year 1986.

Jim Jones on options open to those seeking a lower profile trading presence in South Africa

Buyouts provide relief from anti-apartheid pressure

COMPANIES seeking to divest from South Africa can readily sell to one or other of the half-dozen conglomerates which straddle the country's private sector, as this week's Barclays deal with Anglo American again shows. For the manufacturing sector, though, technology transfers and component imports are often as important as equity links, and management buyouts have been the preferred way out.

When IBM and General Motors announced their divestment plans last month, it came as little surprise that both companies had chosen to sell to local managers. Buyouts allow the foreign parents to respond to anti-apartheid activism back home while retaining a lower-profile trading presence in the South African market.

Few foreign-owned manufacturing subsidiaries in South Africa could maintain uninterrupted production if deprived of parts sold to them by their parent. But if the unit is sold outright to one of the large local groups, in the longer term orders may be placed elsewhere. This is a loss of business which many US suppliers are not yet prepared to accept, despite the hostile political context.

Selling to local managers is more secure, according to merchant bankers involved in structuring leveraged buyouts. On the whole, former managers are likely to continue buying components, parts and needed technology from the foreign parent. Merchant banks financing buyouts on the other hand, want the implicit security of continued links with the former foreign parent.

Mr Bob White, GM's managing director in South Africa, says that his company imports parts and components worth R200m ($89.7m) a year from Opel and Isuzu. That not only represents half of the material value of each vehicle produced in South Africa but also provides important loadings for the Japanese and German manufacturing plants. IBM's annual turnover is about R400m, and the products it sells are fully imported.

Management by megaphone at GM's Port Elizabeth plant before its strike ended last week: job security fears need to be allayed

In divesting, foreign companies are usually anxious to play down suggestions that a management buyout has been agreed as a means of ensuring continued revenue flows from South Africa. In August last year Phibro-Salomon, the US commodity trader, announced the sale of its South African Derby Metals subsidiary to executives in Johannesburg who drew a tight veil over the terms of the deal.

Derby's competitors were quick to say that the sale was at a peppercorn price and was tied to an agreement that Derby's foreign trading business should continue to be placed with Phibro's non-South African branches.

At least four other US groups —General Electric, Rohm and Haas, Gilbarco and Copper Industries — have concluded management buyouts this year while agreeing to continue supplying the former South African offshoot with components and technical know-how and to maintain licensing agreements. The motives, though, were somewhat different from those of GM, IBM and Phibro.

If they are to maintain their market shares, the South African companies need to assure customers that the same goods and service facilities will remain available under new ownership. Their ability to do so will determine the price they can pay for their acquisition.

The parents could have given similar supply and licensing guarantees if they had decided to sell to one of the country's major industrial and mining groups. But that may not have been as re-assuring to customers, says Mr Andre Roux, a general manager of Barclays Merchant Bank.

South African customers, who are increasingly perturbed at the exodus of foreign companies, are more likely to expect business as usual if they can count on continuing to deal with the same company representatives or executives. Licensing agreements are generally not transferable, and are another means of binding the new owners to their company's former parent.

Another spur to buyouts has come from the managements themselves, as the reluctance of many US groups to expand South African operations and their propensity to remit back as much surplus cash flow as possible have prompted approaches from dissatisfied South African managers. They believe that growth potential is enhanced if the parent sells out.

In South Africa, managerial and technical skills are scarce, and continued employment of skilled people is frequently crucial to the sale of a South African unit. Recently, one planned sale to a conglomerate was aborted and quickly converted into a management buyout. Key executives made it clear that their loyalty has been stretched by the enforced stagnation of their company, and were appalled when they realised that the predator was more interested in acquiring management skills than in the company's manufacturing plant. They threatened to resign rather than become cogs in a large, amorphous conglomerate.

Attitudes of blue collar workers can be as important as those of skilled employees. Factory workers' concerns about job security could be better allayed by a management buyout which leaves the same managers running the company.

GM, which is precluded by US law from selling vehicles containing American components to the South African military, told the South African government of its divestment plans before it told its own employees. It needed to refinance the operation in order to sell it, and to do so at the financial rand exchange rate best for inflows to South Africa it needed the co-operation of the authorities. In turn, they had to be assured that GM's South African business would continue.

The National Automobile and Allied Workers' Union says that it first heard of the management buyout and divestment plans in news reports.

IBM and GM are special cases because of their size. GM's assets are worth about R400m, it employs about 3,000 people and its annual sales are in the region of R550m despite two years of recession and sharply lower vehicle sales. IBM has few assets as it has no manufacturing or assembly facilities in South Africa. But it has about half the country's mainframe and personal computer markets and employs 1,500 people.

Most companies sold to local managers have been small and the purchases have been relatively easily financed by local banks. In contrast the GM and IBM buyouts had to be financed by the US parents.

GM tied up its sale to local managers with an open-ended option to repurchase its offshoot when it believes the South African political and investment climate has improved. IBM's managers have agreed to negotiate "in good faith" if their former parent wants to repurchase.

The impression, one merchant banker says, is that the companies want to have their cake and eat it. Their chances of negotiating a repurchase on favourable terms would have been slim if they had sold to one of the country's major conglomerates. South African companies, which cannot invest overseas, are notably reluctant to let assets go even if they are performing poorly.

This consideration effectively precluded GM and IBM agreeing to management buyouts financed with local institutional money. Repurchase options were apparently more important, though neither company will confirm this.

Both GM and IBM were hurried into their management buyouts by the US congress vote to prohibit new American investment in South Africa after November 12. That deadline prevented the parents or prospective buyers from borrowing debt capital from conventional merchant banking sources, and the parents themselves were impelled into financing the purchases.

A FINANCIAL TIMES SURVEY

The next FT survey covering the West Country will be on the subject of

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It will be the first occasion that the FT will have published a survey on this city, consequently it will attract high readership interest.

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NOTICE CONVENING THE EXTRAORDINARY GENERAL MEETING

The Shareholders of STET - Società Finanziaria Telefonica p.a. are hereby notified that the Extraordinary General Meeting will be held in the Conference Room of the Company's headquarters in Via Bertola 34, Turin at 9,30 on the 2nd of December, 1986 and, if necessary, a second meeting will be held on the 3rd of December, 1986, at the same time and place, to discuss and resolve the following

AGENDA

Proposal of merger of SEAT - Società Elenchi Ufficiali degli Abbonati al Telefono p.a. with STET - Società Finanziaria Telefonica p.a., consequent amendment of article 3 of STET's By-Laws (corporate purpose); relevant resolutions.
The Shareholders shall have the right to attend the Meeting provided that, at least five days before the established date of the Meeting, they have deposited their ordinary share certificates with the Company's Securities Department in Turin, Via Bertola 28 or with the Head Office in Rome, Corso d'Italia 41 or with any other duly-authorized department.
Abroad, the ordinary share certificates may be deposited with foreign branches of Italian authorized banks.

for the Board of Directors
Michele Principe

The Reports of the Board of Directors and Statutory Auditors will be available for the Shareholders at the Offices in Turin and Rome from the morning of the 25th of November, 1986.

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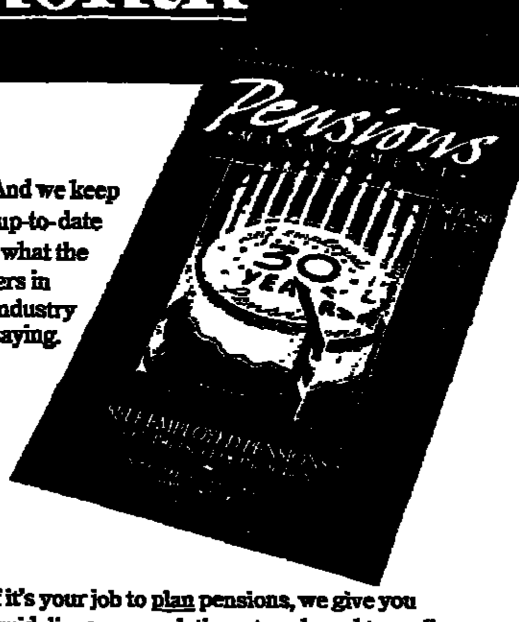

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ENGINEERING

Job cuts at Cummins highlight the agony of diesel engine makers

BY NICK GARNETT AND DAVID OWEN

THE decision this month by Cummins, the US diesel engine-maker, to shed 3,000 of the 20,000 jobs in its core business and shut four facilities in the US and UK was both a recognition that the company was undershooting its own ruthless cost-cutting targets and a response to a recent sharp jump in losses.

Yet it also highlighted the agonies the world's producers of *non-automobile* diesel engines are continuing to endure, despite some signs this year of an easing in the chronic imbalance between production capacity and demand.

The cost-cutting targets were spread over a programme known as the Thirty Month Sprint, aimed at slashing Cummins' production costs by 30 per cent up to the end of this year. They proved too stiff for the Indiana-based company, and the completion date has now slipped to 1988.

Meanwhile, Cummins faces a domestic market for its truck engines that labours under a clutch of disrupting influences, while the smaller engines it has introduced in the past few years have yet to secure target profit margins. Overall sales of $2.3bn last year look like being largely unchanged this year.

Underlying Cummins' difficulties is a 50 per cent worldwide over-capacity in diesel engine capability which has haunted the industry for several years and is hurting almost every other producer.

Vicious pricing regimes have forced Cummins to cut prices by as much as 40 per cent to try to retain market share in an industry that sells around 6m engines a year. Much of that price pressure has been exerted by big Japanese producers.

Perkins, the engine-making subsidiary of Massey-Ferguson of Canada (renamed Varity) and the world's biggest producer of medium-sized loose engines alongside Deutz of West Germany, has also taken the bit between the teeth.

It has shed 10 per cent of its labour force this year in the UK, where its direct manufacturing is based.

Perkins' Peterborough plant in England, whose products compete head on with Cummins in commercial vehicle and other applications, has a capacity to produce more than 200,000 engines a year but is thought to be manufacturing at the rate of about 110,000 to 115,000.

These difficulties stretch right down the horse-power range. Lombardini, the Italian producer of engines from 5 hp to 70 hp and one of the three largest manufacturers of very small diesels in the world, has been running well below capacity. It has had to contend with a move away from diesel to petrol engines for small Italian agricultural equipment which is one of its largest customer bases.

Yanmar of Japan which can produce up to 400,000 very small engines a year, is also operating well below capacity.

Demand in most of the diesel engine's principal markets, which include commercial vehicles, construction equipment, and power generation remain relatively depressed. The big agricultural equipment industry, which absorbs a huge share of worldwide diesel output, has watched almost disbelievingly as its sales have fallen yet again after several years of declining demand. Worldwide output of tractors over 40 hp is likely to be around 10 per cent lower this year than last.

Diesel engine makers have resorted this year to some restructuring in the industry. The most significant move was the announcement in July that General Motors and John Deere, the big US agricultural machinery maker, were combining their diesel engine manufacturing operations into a single large business.

The deal will unite the diesel operations of the Detroit Diesel Allison (DDA) division of GM with Deere's engine plants in Iowa and Sagan, France, creating the second largest diesel engine business in the US after Cummins, with 6,000 employees and sales of around $1.5bn.

Europe has witnessed much smaller examples of restructuring. Lombardini purchased a controlling interest in Slanzi, a much smaller Italian company which has the capacity to produce up to 10,000 engines a year up to 115 hp. This gave Lombardini access to a broader power range.

In the UK Perkins, which purchased the Rolls-Royce diesel engine business two years ago, has acquired L. Gardner, a small producer of high quality engines with strengths in marine and bus applications.

Yet the industry remains divided among a bewildering array of producers. A recent study by PRS, a London-based research organisation specialising in engines, indicated that there were some 60 producers worldwide of diesels between 500 hp and 3,000 hp, 39 of them in Europe — though some of these produce the same engines under licence.

Mr Mike Smith of PRS says that 1986 has been a better year than last for diesel engine makers, but that the overall market is very tough.

Some companies have moved into the automobile and van market where the demand for diesels is much more buoyant. Perkins itself unveiled a new car diesel engine in July in conjunction with Austin Rover, the UK car maker. Perkins is also offering the 62 bhp and 80 bhp engines for industrial and marine uses.

Companies making engines for trucks, construction and agricultural equipment have been trying to get an edge on their competitors by increasingly producing smaller engines yet with no reduction in power and durability.

The Cummins' announcement, however, reflected the fact that it has faced greater problems than many of its competitors on three fronts over the past few years.

First, its huge cost saving programme has itself been expensive to achieve. The $134.9m pre-tax charge related to the latest two-year plan, helped to bring Cummins' net loss in the first nine months of 1986 to $109.8m, as against full year net profits of $50.4m in 1985 and a record $187.9m in 1984.

Second, it has struggled with the general move by construction equipment makers and truck builders towards smaller engines where Cummins traditionally has been very weak.

The company has broken out of its traditional niche in the high horsepower end of the market by launching three new engine families in the late 1970s and 1980s.

Some of these engines, however, found it hard going initially to establish themselves in the market and last year Cummins' heavy duty engines still accounted for 65 per cent of its sales.

Finally, the structure of its European and big US domestic truck market has been disrupted. In Europe non-integrated producers to which Cummins sells engines have taken a beating in recent years from integrated builders which make their own engines.

Meanwhile the four big Japanese truck makers — Mitsubishi, Isuzu, Nissan and Toyota — have agreed a co-ordinated campaign to slice up the US market into geographic marketing sectors.

Cummins' share of the North American heavy duty truck diesel market slipped last year to 56.2 per cent from 60.2 per cent in 1984.

Nevertheless Cummins management seems confident that it will survive any impending industry shakeout. "We think in two or three years we will be one of the survivors," says Mr Robert Campbell, international vice president. "Our worldwide production set-up gives us flexibility of sourcing and our basic engines are good cash generators."

However, some analysts predict that Cummins will not escape the need for further cuts in plant and labour.

THE DIESEL ENGINE MARKET

Leading manufacturers' output of engines over 50 hp from North American and European plants, excluding passenger cars.

('000 units)	1985	1984
GM (inc. DDA, Opel, Bedford)	207.1	235.7
Fiat/Iveco (inc. Fiat Auto, Unic, Iveco)	193.7	168
Daimler-Benz	171.9	195
Navistar	156	135
Cummins (inc. Consolidated Diesel)	145.3	177.9
KHD (inc. KHD, MWM groups)	141.8	139.7
Perkins (inc. Rolls-Royce, Gardner)	127.5	120.5
PSA (inc. Peugeot, Citroen, Talbot)	125.3	51.9
Ford	115.1	114.1
Renault (inc. Renault Motors, RVI, Mack)	106.4	111.3
Caterpillar	98.8	122.6
VW	84.8	67.1
John Deere	73	101

Source: Planning Research & Systems

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Innovations in chemistry

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Return to surplus on current account

By Janet Bush

THE CURRENT account of Britain's balance of payments returned to surplus in October, due almost entirely to an upward revision of the projected contribution from invisible trade.

Official figures published yesterday estimate that the current account in October was in surplus by £65m compared with a deficit in September of £85m and the visible trade deficit was estimated at £835m, a modest improvement on £885m in September.

Non-oil exports picked up a little last month but imports are still rising sharply as British manufacturing output continues to lag well behind very buoyant consumer demand. But in October, this substantial trade gap was more than balanced by very large estimated earnings from invisible trade, which includes items such as tourism, insurance and bank profits overseas.

A favourable reaction on UK financial markets was short-lived. Sterling had started yesterday on a weak note, mostly because of concern about oil prices and its performance later was dictated largely by movements in the dollar. The pound ended sharply lower at DM 2.8350 compared with the close on Monday at DM 2.8600, but it made up ground against the weak dollar to end at $1.4225 after $1.4170.

UK Government bonds failed to take cheer from the current account data and ended about 5/16 points lower. On the London stock exchange, the FT-SE 100 index fell 17.27 to close at 1619.3.

The UK trade deficit was roughly in line with market expectations, but the large revisions in the invisibles, which helped the current account back into surplus, came as a surprise and were greeted with widespread scepticism in the City of London.

Mr Robin Cook, Labour party spokesman on trade, yesterday tabled a series of parliamentary questions asking whether the basis for calculating the invisibles balance had been changed and what factors were behind the surplus.

"Given the Government's creative way with statistics, one can hardly be surprised if we are all a bit wary of such a convenient provisional estimate," Mr Cook said.

Government statisticians said that they had detected buoyancy in all sectors of invisible trade but did not elaborate further.

Belfast shipyard announces 800 redundancies

BY OUR BELFAST AND SCOTTISH CORRESPONDENTS

HARLAND AND WOLFF, the state-owned Belfast shipyard, is to make 600 full-time and 200 temporary workers redundant early next year. Redundancies are also expected at the Scott Lithgow yard on the lower Clyde in central Scotland.

Scott Lithgow's management is discussing redundancies with unions and is believed to want to cut the workforce from 2,200 (1,400 full time) to about 800. Details will be announced by shop stewards today.

The Government revealed yesterday that total aid to Harland and Wolff in 1986–87 would rise to £68m, reflecting among other things increased redundancy costs. The 1985–86 subsidy was £35.5m but the two figures are not comparable.

Mr John Parker, Harland and Wolff chairman broke the news of the job losses to union officials and blamed the continuing depression in the merchant ship market and the fall in oil prices.

The company had been unable to win sufficient work to keep the 5,000-strong labour force fully employed.

In the past three years the company has moved from merchant shipbuilding to mainly naval and offshore work.

This had enabled the company to build up an order book stretching into the early 1990s and which was larger than most other yards in Europe or Japan.

Mr Parker said: "This cutback, of about12.5 per cent of our permanent labour force, has to be seen against a much more severe restructuring now proceeding on a world scale.

"A key objective of our future strategy is to further increase cost competitiveness to win more business and thus offer stability to the maximum number of employees."

He said the Government aid of £68m included redundancy payments which were previously paid directly and a sum to help to alleviate the problems faced by redundant workers.

Harland and Wolff Enterprises, a subsidiary, will provide redundant workers with advice and assistance towards retraining and re-employment on a similar basis to British Shipbuilders Enterprises.

Pru-Bache takes panel ruling to appeal

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE LEGAL status of the City of London Takeover Panel, and the extent to which it can be controlled by the courts, will be examined in the Court of Appeal today with wide implications for the future of self-regulation in the City.

The examination is a renewed attempt by Prudential-Bache to get permission to seek judicial review of a ruling made by the panel in the battle over Norton Opax's £155m takeover bid for McCorquodale, the printing group.

Pru-Bache is advising Datafin, a company formed by a group in McCorquodale which favours a management buy-out.

In the High Court yesterday Pru-Backe's attempt to get judicial review proceedings started failed because Mr Justice Hodgson decided he did not have the jurisdiction to deal with the matter.

The Takeover Panel, he said, was not a public law body crated by statute and its decisions could not therefore be challenged by way of judicial review.

Later yesterday Pru-Bache went to the Court of Appeal seeking a temporary injunction freezing Norton Opax's bid, pending an appeal against the High Court ruling.

Pru-Bache dropped its injunction application when Sir John Donaldson, the Master of the Rolls, said that the court would hear the judicial review application today.

Norton Opax gave an undertaking not to acquire McCorquodale shares, otherwise than pursuant to acceptances of its final offer, and not to register shares, until the appeal court has ruled.

Norton Opax formally declared its £155m bid unconditional on Monday night after the full panel had rejected a claim by Pru-Bache that panel rules had been broken by a supporter of the Norton bid.

It is that decision by the panel which Pru-Bache is trying to get examined by the courts

Our Belfast Correspondent reports on job cuts at Harland and Wolff

A devastating blow to Ulster economy

THE WARNING signs of substantial job losses at Harland and Wolff, the Belfast shipbuilder, have been obvious for most of this year. The inevitability of the cuts however, makes the blow no less devastating to Northern Ireland's small regional economy.

Perhaps the clearest signal came from Mr John Parker, the company chairman, in his annual report in September which paved the way for yesterday's announcement and the possibility of further cuts next year.

Mr Parker said that despite the healthy £300m order book, there was work for only 50 to 60 per cent of the current 4,800 employees through to 1989. The company needed new orders before the start of 1987 to sustain jobs.

This month it became evident that what Mr Parker called the "ever spiralling downward trend" in merchant ship building was not going to produce new work for Belfast. Even if new orders are won next year, they will be too late to save the jobs of the 800 people due to leave the company between January and the end of March.

Harland and Wolff's labour force has fallen steadily during the 1980s in line with the decline in merchant shipbuilding. In the 1970s the company employed more than 10,000, but this decade has seen numbers drop at the rate of several hundred a year from 7,400 at the end of 1980 to 4,800 this year.

Where the axe falls: The Harland and Wolff shipyard, Belfast

The effects of the dwindling numbers are felt far beyond the Belfast yard. It has been estimated that for each job in the yard two people are employed *outside* in supplier firms and sub-contractors, not just in Ulster but in many parts of mainland Britain.

The losses, too, will push the already-reducing level of manufacturing employment further downwards. Northern Ireland has this year seen a *significant* shedding of jobs by the tobacco industry in particular, by the textile sector and more recently by companies supplying the depressed oil exploration industry.

Manufacturing employment has fallen from more than 102,000 in 1984 to under 97,000 today, a figure which is well below the seasonally adjusted number of unemployed, which stands at 130,000 or 19.2 per cent.

The picture, however, could have been much worse had Harland and Wolff not won the first of a series of new ships for the Royal Navy in a close-fought battle with Swan Hunter of Tyneside in April this year.

The contract for the first of a six-ship series of Auxiliary Oiler Replenishment (AOR) vessels is worth £120m and is the largest single ship order in cash terms which the company has ever secured. Without the work, the labour force would have needed to have been halved.

As it turned out, Swan Hunter was faced with painful redundancies. Tyneside is being allowed to bid for the second AOR, probably early next year, although it will need to match Harland and Wolff's price. In Belfast there is confidence that further ships in the series will be built there.

The Government has been accused of promoting unfair competition by awarding the contract to a state-owned company rather than the recently privatised Swan Hunter. Claims of "hidden subsidies" for Harland and Wolff ships are likely to be renewed now that the Government has announced further substantial aid for the Belfast company.

With no upturn in merchant shipbuilding evident, a return to naval work has been a priority for Mr Parker since he moved from British Shipbuilders to take over in Belfast in 1983. Before the AOR contract, the company won a Ministry of Defence order to convert a merchant ship to an aviation training ship, a contract now nearing completion.

Harland and Wolff has undergone a remarkable modernisation in its effort to build a reputation as one of Europe's most technically advanced yards able to cope with new, sophisticated vessels.

It is now well into a unique experience in the area of floating oil production systems through the development and building for British Petroleum of Swops (single well oil production ship), a vessel designed to recover oil from the seabed wellheads of marginal fields.

Mr Parker believes that while low oil prices may be deferring other major projects, they will favour floating production systems as the low-cost solution to oil recovery.

The streamlining and modernisation of the yard has cost money, which has to be added to the losses incurred on building ships. The company managed to reduce losses by 19 per cent in 1985-86 to just under £29m, the best financial result for four years. However, it continues to need large infusions of public support.

Government aid does not go simply to keep men in jobs. Only new orders will do that – and yesterday's announcement is an indication of just how difficult they are to find.

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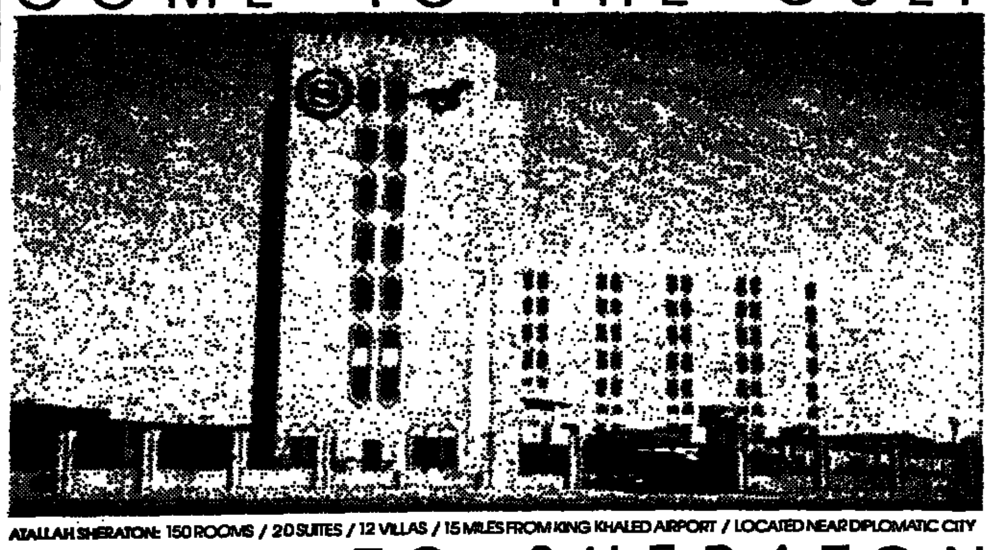

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UK NEWS

Nuclear waste body seeks to lift credibility

BY MAURICE SAMUELSON

MR RAY BUCKTON, general secretary of the train drivers' union ASLEF, and Miss Angela Rippon, the former television newscaster, have been appointed independent directors of Nirex, the nuclear industry's body responsible for finding nuclear waste disposal sites.

Their appointments, together with that of Professor Sir Hans Kornberg, Master of Christ's College, Cambridge, are designed to strengthen its credibility at a time when it bears the main brunt of public anxiety over radioactive waste sites and of nuclear power in general.

The appointment of Mr Buckton, who is on the left of the trade union movement, is a gesture towards the crews of the trains which convey waste materials to the Sellafield reprocessing centre, in Cumbria, north west England. It also reflects Nirex's anxiety about the anti-nuclear policies adopted by the trade union movement as a whole at this year's assembly of the Trades Union Congress.

Miss Rippon and Professor Kornberg were asked to join the board by Mr Peter Walker, Energy Secretary. Mr Walker said last night they would bring to Nirex "an independent view combined with a keen awareness of public concerns".

Mr John Baker, the Nirex chairman, said: "We have always been aware of the criticims that Nirex was too much part of the nuclear and electricity generation industry". His board was "confident that three fresh views of very familiar problems will reveal rewarding new avenues in our technical programme and in how we present ourselves to the outside world".

Miss Rippon is also connected with the Energy Department through her professional involvement with its public relations campaign to improve efficient energy consumption. Next month, she will take part in a national energy management conference under the department's sponsorship.

This summer, Nirex engineers were involved in confrontations with local protest groups as they attempted to begin exploratory drilling at three possible disposal sites in Lincolnshire, Bedfordshire and on Humberside.

MoD seeks products from small companies

BY LYNTON McLAIN

PEOPLE from small companies should be represented on the management boards of government defence research establishments, Lord Trefgarne, the Minister of State for Defence Procurement, said yesterday. He was announcing measures designed to help small firms get more involved in defence contracting.

He described the Ministry of Defence (MoD) small firms initiative, launched yesterday, as "a new package of policy measures." The ministry recognised that "innovative and enterprising small firms represented a major potential in our search for competition and innovative thinking in defence procurement."

The MoD hoped greater use of enterprising small firms as suppliers of equipment to the armed forces would result in lower costs and better products. The MoD hoped that the entry of more small firms would increase competitive pressures in a field dominated by relatively few large-scale manufacturers.

Lord Trefgarne said the MoD was giving its small firms initiative "real impetus" by creating a new office, the Small Firms Advice Division.

The office is to be used as a source of help and advice to small companies wanting to break into the defence market and wanting to find the right contacts in the MoD.

"We realise how difficult it can be for a firm new to the scene to know just who to approach when trying to sell their products or services to an organisation the size of the MoD," he said.

Michael Cassell describes Labour's drive to win support for its anti-nuclear stance

Kinnock prepares for battle over defence

LABOUR IS poised to launch a drive to win acceptability on both sides of the Atlantic for its non-nuclear defence policy.

Despite widespread condemnation in the UK and the US of the party's commitment to cancel Trident, decommission Polaris and remove all US nuclear bases from the UK, Labour leaders believe that the defence policy ratified at its annual conference in October will, if fully argued and correctly presented, prove domestically popular as well as acceptable to its Nato allies.

On Saturday, Mr Neil Kinnock, the Labour Leader, flies to the US to make speeches outlining the party's defence stance at Atlanta, Harvard and Washington. In the last few days, Labour has been forced to clear up several uncertainties surrounding the party's defence plans – including the timetable for the withdrawal of US nuclear bases and the rights of US nuclear-armed warships to continue to use British ports.

Mr Kinnock's visit will provide him with an important opportunity to spell out in detail Labour strategy, not least its determination to reject the principle of the "nuclear umbrella", which the party now regards as an irrelevant concept.

He is due to return to the US in February when he will meet senior members of the Reagan Administration, some of whom have claimed that Labour's proposals could wreck Nato and lead to pressure for the removal of US troops from Europe.

On December 10, shortly after Mr Kinnock's return from his first visit, the party is to launch its "campaign for a modern Britain in a modern world". This will spell out the UK's potential contribution on matters such as international economic co-operation and human rights. It will also concentrate heavily on defence issues.

Labour will be emphasising that while it will be unable to detail its spending proposals on conventional arms, its principal commitment is to shift the emphasis from nuclear weapons to dependence on conventional weapons deployed by the army, navy and air force. The party will state its determination to seek a modernisation of Nato military strategy – which it claims is no longer credible – enabling a Labour government to make the fullest possible contribution.

Mr Neil Kinnock

The intention is that, via a series of independent acts, Labour will provide a catalyst for altering existing strategy, although failure would not mean withdrawal from Nato, even if it maintained policies such as "first use" of nuclear weapons – to which the party is opposed.

Labour will again be emphasising that 95 per cent of Britain's defence budget goes to Nato and that, under a Labour government, the position will not change. But it will warn that its role in European defence is being "fatally compromised" by the present Government's fixation with nuclear weapons.

While Mr Kinnock is in the US, other senior Labour figures will, with their counterparts in the West German SPD, be putting the final touches to a joint defence strategy document on which they have been working for several months. This is expected to be published in the next 10 days and is expected to show that the two parties have reached a greater degree of agreement on the future shape of Nato defences than has previously been possible.

In terms of the domestic battle to win over the electorate, Labour is confident that it does not face a re-run of the disastrous 1983 general election campaign, when internal differences over defence strategy proved highly damaging.

Labour leaders say that, this time, the voters face a fundamental choice of putting more resources into Trident, which the nation cannot afford and which it will never use, or into conventional defences.

Mr Peter Mandelson, Labour's director of campaigns and communications, said in London yesterday that, unlike 1983, the electorate was not in a post-Falklands "war-happy" frame of mind and receptive to government propaganda. There was now a much greater, informed interest in defence issues and the choices were becoming increasingly stark.

He claimed that Labour was ready to fight to win on its defence policies and emphasised: "There will not be a repeat of 1983. It will not be a choice between defence and no defence, between defence and pacifism. Now the choice is between an incredible defence policy and real defence. A choice between two versions of patriotism."

Breach of security convention denied

By Ivor Owen

MR NEIL Kinnock, the Labour leader, issued an angry denial in the House of Commons last night that he had departed from the bi-partisan approach to national security issues traditionally maintained by those who hold office as Prime Minister and leader of the Opposition. It further underlined the growing difficulties in his official relationship with Mrs Margaret Thatcher.

Tory back benchers came close to shouting down Mr Kinnock when he protested to the Speaker, Mr Bernard Weatherill, that comments made by the Prime Minister during further exchanges about the Government's handling of the secrets court case in Australia, implied that he had broken the convention that matters affecting the security of the state should not be the subject of open party-political controversy.

The government is seeking an injunction in Australia to prevent publication of a book by a former UK counter-intelligence officer.

Government supporters were incensed because Mr Kinnock chose to make his protest while raising a point of order instead of in the course of question time exchanges with the Prime Minister, but the Speaker insisted that he should be allowed to continue.

Mr Weatherill said: "I am sure that no one in the House would impugn the integrity of Mr Kinnock or indeed any other MP".

Mr Kinnock made it clear that his anger stemmed from reports – the subject of complaints from the Labour benches on Monday – alleging that the Prime Minister authorised one of her press officers to tell parliamentary lobby journalists in the course of a non-attributable briefing that in pursuing aspects of the secrets case he had strayed from the established code observed by his predecessors as leader of the Opposition.

Labour cheers merged with ministerial protests when Mr Kinnock said he would not be lectured by a Government which, by sending Sir Robert Armstrong, the Cabinet Secretary, to give evidence in the Australian court case, had placed him in an exposed position ensuring "that attention is drawn to disclosures harmful to national security".

British bid to save Europa TV channel

BY RAYMOND SNODDY

WEST NALLY, the British sports marketing organisation, is leading a consortium trying to save Europe, the pan-European satellite television channel, which has financial problems.

West Nally has put forward a restructuring plan for the public service broadcasting channel at present owned by national broadcasters in Italy, Ireland, Portugal, West Germany and the Netherlands.

The plan would involve a considerable input from the private sector and a more commercial business approach.

The West Nally consortium would take a significant slice of the equity and provide management expertise. It is believed that Mr Mike Luckwell, deputy chairman of West Nally and David Ciclitira, the managing director would play a direct role in trying to turn round Europa.

Europa began broadcasting in October 1985 and was meant to be the European Broadcasting Union's toehold in satellite broadcasting. But the channel has run through its finance quicker than expected, has attracted little advertising revenue and been criticised for offering unexciting programmes.

A board meeting opened in the Netherlands on Friday adjourned to London on Sunday and continued in Rome on Monday.

A decision on the West Nally restructuring plan will now be taken tomorrow.

West Nally, a company involved in sports sponsorship, has recently turned itself into a more broadly based "new media" company.

It sees Europa, which is scheduled to transfer to the European Space Agency's direct broadcasting satellite Olympus in two years, as its way into the international television market.

Mr Luckwell is a former managing director of Carlton Communications who sold his personal stake in the company for £25m.

Telemet plans radio teletext link in London

By Raymond Snoddy

TELEMET AMERICA, a company which operates radio teletext services in 15 US cities, plans to launch a London service in the spring.

Telemet in a joint venture with Case Communications, the British computer services company, has been awarded one of the two Independent Broadcasting Authority franchises for London. The other has gone to Independent Radio Features, a subsidiary of London Broadcasting Company (LBC).

Radio teletext makes use of spare capacity within the radio signal to transmit data to portable or desktop receivers which convert the signal into a readable form.

In London the aim is to provide constantly updated financial information on stock and commodities.

Mr Tony Richards, of Telemet Case, said yesterday the company would offer a range of subscription services, probably including an individually tailored "alert" service to warn clients of movements in particular shares.

Accountants challenge tax office 'mix-ups'

BY NICK BUNKER, INSURANCE CORRESPONDENT

BUREAUCRATIC mix-ups involving two of the Inland Revenue's biggest tax offices have led to a barrage of criticism from the UK's chartered accountants.

They come in a strongly worded document prepared by the Institute of Chartered Accountants in England and Wales. It is a report of a lengthy meeting between the institute and senior tax officials last June, but has only just been released because of delays in getting official clearance.

Complaints focused on poor communications between local tax inspectors and the two accounts offices, in Cumbernauld, Scotland, and Shipley, Yorkshire, which store taxpayers' records, process cheques and issue tax demands.

A breakdown in liasion between tax inspectors and the two offices' collectors was causing "incalculable damage" to the Revenue's reputation, the Institute said. This now required "urgent attention at a high level."

The main complaint was that collectors at Cumbernauld and Shipley went on sending out old tax demands even after an assessment had been appealed and new figures agreed by a local tax inspector.

Accountants then incurred unnecessary costs in sorting out the mess, but were also blamed by their clients for not dealing with their affairs quickly.

Mr Iain Stitt, chairman of the institute working party which took part in the June meeting, said last night that publication of the report showed there was now an open dialogue under way between accountants and the Revenue.

This showed that the Inland Revenue had made "enormous strides" towards responding to public criticisms. He said he wanted tax officials to voice their own complaints against accountants.

The Inland Revenue said at the June meeting that many remaining communication problems would vanish when on-line computerised systems were fully installed at accounts offices.

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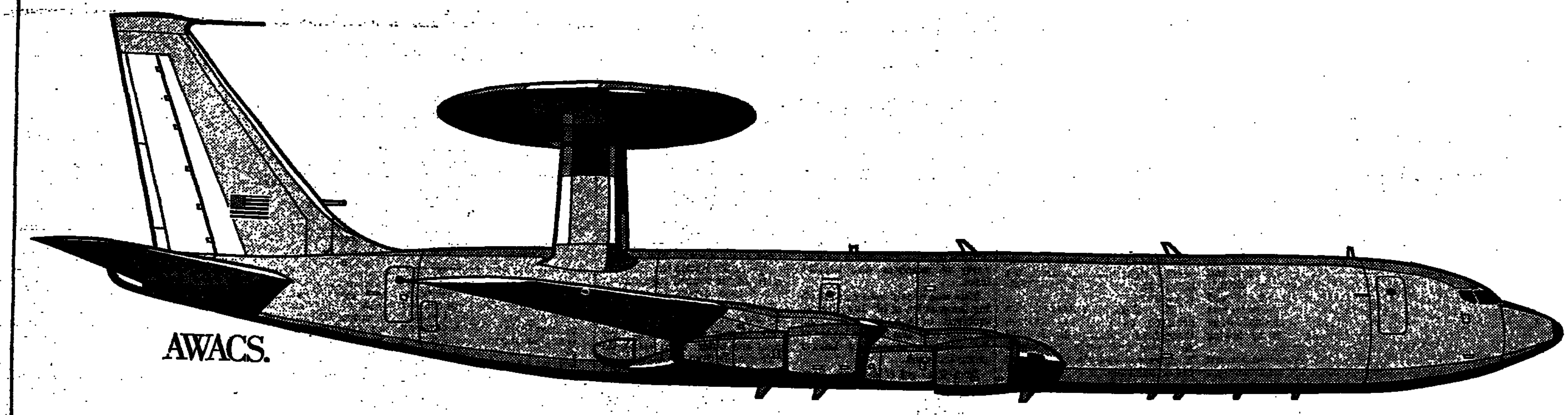

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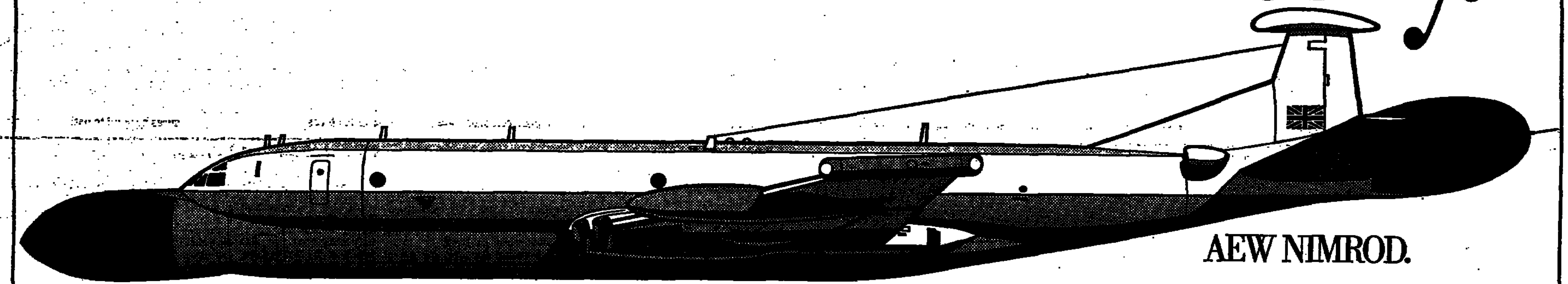

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UK NEWS

East European dumping blamed for fertiliser cuts

BY TONY JACKSON

UKF, the UK fertiliser subsidiary of DSM of the Netherlands, is to shed 131 jobs from its total workforce of 886. The company blamed a declining UK market and dumping from Eastern Europe.

UKF is the third largest manufacturer in the troubled UK fertiliser market, after ICI and the Norwegian group Norsk Hydro. It makes between 800,000 tonnes and 900,000 tonnes of nitrogenous fertiliser a year at its factory at Ince in Cheshire.

Like ICI and Norsk, UKF has made losses in fertiliser this year. Mr Gerritt van Ling, managing director of UKF in the UK, said in a letter to the workforce "present price levels on the market have put UKF into a difficult financial position, and it is necessary to reduce all possible costs to ensure the survival of the company."

Mr van Ling said the total UK market for fertiliser was static and forecast to decline. The British farmer was faced with an enforced reduction in the quantities he was allowed to produce, and was looking at reducing his costs by buying poorer quality product.

There was fierce competition not only from other UK manufacturers but from imports, including urea dumped by Eastern European countries, he said.

Complaints about dumping of urea – an alternative form of nitrogenous fertiliser – have already been made by ICI and Norsk. The EEC is looking at alleged cases involving eight countries, from the Middle East as well as from Eastern Europe.

UKF said the job losses had to be achieved as soon as possible, through a combination of voluntary severance and early retirement. They were to take place throughout the organisation.

British Coal hails ICI switch

BY MAURICE SAMUELSON

IMPERIAL Chemical Industries (ICI) yesterday switched on a new coal-fired boiler plant at a Huddersfield plant in northern England previously run on oil.

It is the latest in a series of nine major industrial sites in Britain to be switched from oil to coal between October and next July. They will require 900,000 tonnes of coal, safeguarding 1,200 British mining jobs.

Sir Robert Haslam, British Coal chairman, hailed them as a vote of confidence in the stability and growing efficiency of his industry at a time when oil prices were at a 20-year low and when cheap foreign coal was "chasing customers around the world."

The ICI plant, converted at a cost of £1.75m, will burn 45,000 tonnes of Yorkshire coal a year, boosting the site's total consumption to 120,000 tonnes. The fuel will be burnt on the UK's biggest commercial fluidised bed boiler.

Next year, ICI is also due to introduce coalfiring at Wilton, Teesside, in a £44m conversion. The biggest scheme of its kind in Britain, it will eventually burn 460,000 tonnes of coal a year.

Sir John Harvey-Jones, ICI chairman, who switched on the Huddersfield plant, said: "We have total confidence in British Coal to manage their affairs and believe this development – a British invention developed by British companies – enables us to burn indigenous Yorkshire coal in a Yorkshire boiler."

Militant members to resign from positions on Liverpool council

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

MR DEREK HATTON and his two expelled colleagues of the Trotskyite Militant Tendency still holding positions on Liverpool City Council yesterday agreed to resign them to prevent expulsion from the Labour Party of members who support them.

This was widely seen as protecting the position of Mr Tony Byrne, architect of the city's financial strategy, who was elected leader of the council's controlling Labour group last week.

In a final act of defiance, however, they will not go until the council next meets on December 10. The view from Labour's national headquarters in Walworth Road, London, is that the posts are vacant now and that under the party rules the three have no right to hold on to them.

But until the council meeting Mr Hatton will remain as deputy leader of the council and continue as chairman of the council's personnel committee.

His colleagues, Mr Tony Mulhearn, former president of the disbanded Liverpool district Labour Party, and Mrs Felicity Dowling, its former secretary, will continue in their respective posts of chairman of the campaign committee and deputy chairman of the education committee.

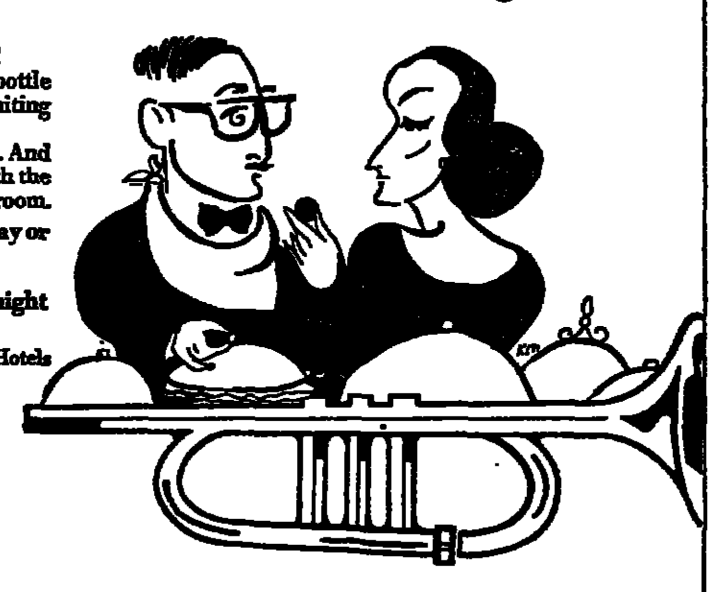
Mr Byrne said that the three were the people the party had looked to for leadership in the last four years. Mr Hatton was the "real leader" of the council even though he had been deputy to Mr John Hamilton, voted out by a left-wing majority last week.

Mr Hatton said he was "sad, proud and bitter" to be going, the pride coming from the house-building policies Labour had achieved. The bitterness soon flowed over into a torrent of invective from him, Mr Mulhearn and Mr Byrne, all directed against Mr Neil Kinnock, the party leader, and Labour's national executive, described as the "loony right."

Mr Byrne emphasised that the expulsions had done little to control the Liverpool party or heal the split that continued to prevent any semblance of national unity in Labour ranks in the run-up to the general election.

He said that policies – centred on Clause 4 of the constitution – would be unchanged. Clause 4 relates to control of the means of production, distribution and exchange.

The heart of Paris and all that Jazz



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EEC 'must encourage continuing education'

By Alan Pike

THE European Community must encourage people to continue with education and training throughout their working lives, Lord Young, Employment Secretary, said yesterday.

Lord Young, speaking at a technology and training conference in London organised by the European Commission and the Manpower Services Commission, identified two EEC initiatives which he said would prove particularly valuable:

● Eurotecnet, which helped establish links between the efforts of EEC states to tackle the social and training consequences of information technology developments. "The ngrowing interaction between member states in confronting the challenge of the new information technologies should benefit the whole of the Community," said Lord Young.

● Comett, a programme which will provide support for the development of new technology training programmes by industry and higher education. The programme, said Lord Young, was central to Europe's future. "I am confident that once it becomes operational next year it can make a significant contribution to links between industry and the education world."

The accelerating pace of technological change created a need for training methods which were more flexible, more accessible and more cost-effective, he said. But the new technology which was changing working life could help develop training programmes which were needed to adapt to those changes.

"Computer-based training provides opportunities for individuals to learn at a time and pace that suits them. The development of interactive videos and artificial intelligence will provide still more sophisticated training programmes for a growing market across the spectrum of industries and services," he said.

Britain's efforts to encourage greater investment in training, said Lord Young, sometimes led to too much concentration on things which industry or the education service had failed to do. In the field of applying new technology to training needs, Britain could be proud of its achievements.

The proposed Open College would harness television and radio to provide training for up to 1m people in the next five years. Early research showed that six out of 10 adults supported the idea of the Open College, with computing coming top of the list of courses they would like to take.

Energy-saving plan for jobs

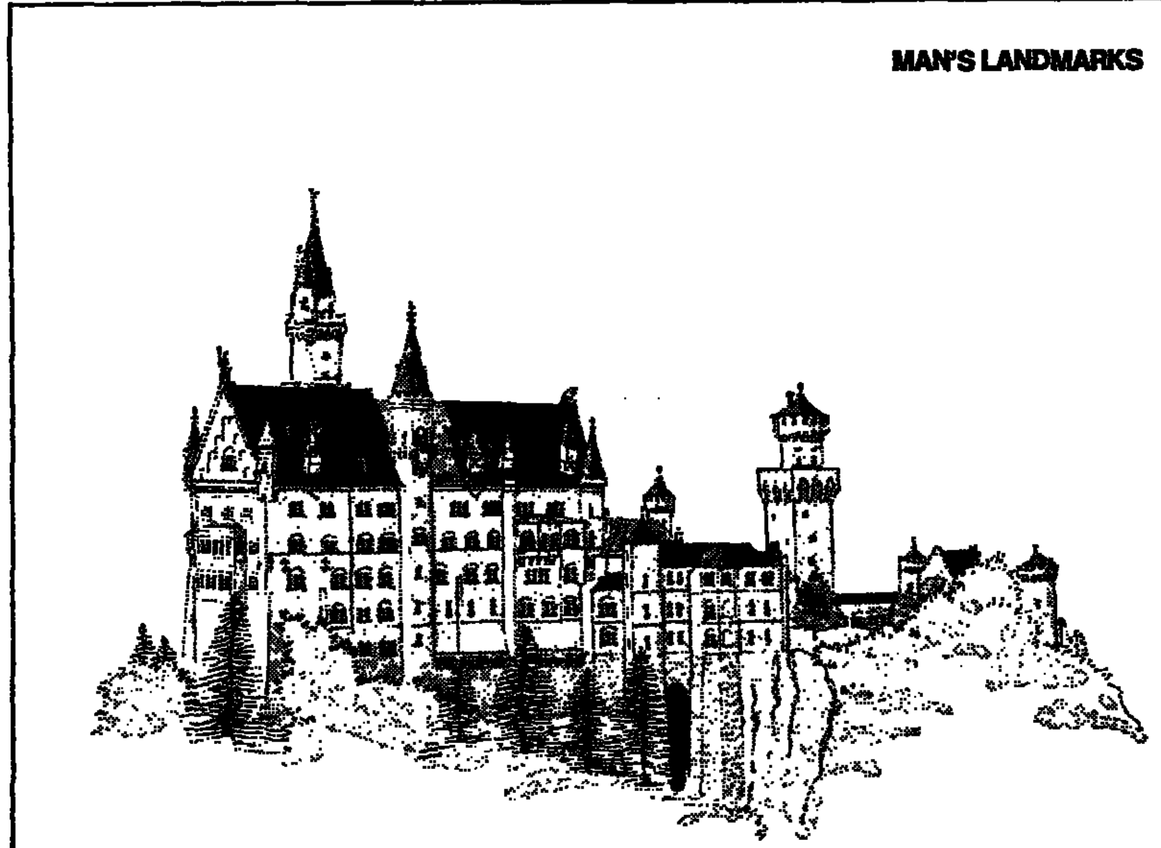
By Maurice Samuelson

THE LABOUR PARTY yesterday said it would use energy conservation programmes as a way of cutting unemployment if it forms the next government.

"Investment in better insulated and heated homes would mean more jobs in the inner city and new scope for housing renewal," Mr Ted Rowlands, Labour's deputy energy spokesman, told a national conference of local authorities in Newcastle upon Tyne.

The centrepiece of Labour's strategy would be an energy conservation agency. Its role would be not merely to promote energy efficiency but to "formulate and implement the necessary investment to back it."

MAN'S LANDMARKS



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FT LAW REPORTS

Restraint lifted on meat strike action

BARRETTS & BAIRD (WHOLESALE) LTD. v THE INSTITUTION OF PROFESSIONAL CIVIL SERVANTS

Queen's Bench Division: Mr Justice Henry: November 17, 1986

BREACH OF statutory duty, or breach by an individual striker of his employment contract, are unlawful means of interfering with a person's trade or business which can give rise to an action in tort; but no cause of action arises if there is in fact no breach or threatened breach, or if the predominant purpose is not to injure, but self-interest.

Mr Justice Henry so held when refusing an application by members of the Association of British Abattoir Owners and associated companies ("the abattoirs") to extend an injunction given by Mr Justice Jupp on October 26, 1986 restraining the Institution of Professional Civil Servants ("the union") and its negotiating secretary, Mr Joseph Duckworth, from interfering with their business by calling lightning strikes. It was alleged that the strikes would cause the Meat and Livestock Commission (MLC) and/or the Intervention Board for Agricultural Products (IBAP) to be in breach of their statutory duties under the Agriculture Act 1967 and/or the European Communities Act 1972, so as to cause damage to the plaintiff abattoirs.

HIS LORDSHIP said that the MLC was established under the Agricultural Act 1967, with the general duty of promoting greater efficiency in the livestock and livestock products industries. It was its duty to provide for guaranteed prices for fatstock.

When the UK joined the European Economic Community the IBAP was created for the purpose of carrying out UK obligations under the common agricultural policy. It delegated certain responsibilities to the MLC, and required it to ensure that a full-time staff was trained to carry out delegated functions.

For those purposes the MLC employed approximately 630 fatstock officers (FOs) based at private sector abattoirs throughout the country who together authorised the payment of subsidies up to nearly £300m a year.

The FOs were highly trained, skilled and experienced. Their pay grading in the Civil Service was fixed some 24 years ago. They contended their relative position in the pay structure had since changed, and they submitted a claim for regrading on November 29 1984.

Dissatisfied by the progress in negotiations, the union decided to ballot the FOs and, as a result, on October 8 1986 it called a one-day lightning strike.

A second ballot calling for a campaign of one-day lightning strikes resulted in a 77 per cent vote in favour of industrial action. It was to restrain that industrial action that the present injunctions were sought.

By calling the FOs out on strike the union was inducing the prevention of performance by the abattoirs of their various contracts, leading back to the producer and towards the exporter or consumer.

The abattoirs did not employ the FOs and had no control or influence over the MLC, which did. Their problem was to find a cause of action which had not been rendered immune by section 13 of the Trade Union and Labour Relations Act 1974, which limited immunity to specified torts.

The first tort relied on by the abattoirs was interference with their trade or business. That was now a clearly recognised tort (see Merkur Island Shipping [1983] 2 AC 571,609). Its basic ingredients were that there should be interference with the plaintiffs' trade or business; that the interference should be by unlawful means; and that it should be with intention to injure the plaintiffs.

The threatened one-day lightning strikes would undoubtedly interfere with the abattoirs' business. But were the means unlawful?

The first category of unlawful means relied on was inducing a breach of statutory duty. It appeared from Meade v Haringey [1979] 1 WLR 637 that where a body was in breach of its statutory duty by reason of a positive ultra vires act, there was a remedy at the suit of a person who suffered damage thereby. If the breach of statutory duty were unlawful one would naturally expect the inducement of that breach to be unlawful.

The statutory duty was to provide a proper system for the inspection and certification of live and dead stock, so as to enable proper subsidies to be paid and export of stock to be facilitated.

To whom was that duty owed? Originally it was owed to the producers. Once the system was working all parties conducted themselves on the basis of availability of subsidies and it was eminently arguable that the duty was owed to all the abattoirs.

So arguably there was such a tort as the abattoirs contended for, and they could sue in respect of an alleged breach of duty.

But the question was whether there had been a breach of that duty and/or was one threatened?

The threatened campaign was limited by undertakings given by counsel to the court that the union would not call for strike action on consecutive days, and would give the MLC 12 hours notice of any strike action.

Would such a campaign amount to breach of statutory duty?

In the ordinary course of events, if a farmer had taken his cattle to market on October 8 he would, after certification, have sold net of premium recoverable from IBAP. But if the FOs were not working he would be faced with either not selling until the next market or of losing the premium, dependant on certification. Was there an arguable case that he could successfully sue the MLC for that?

What the MLC's statutory duty was depended on the wording of the legislation. The legislation used general words. The duty of the MLC was to provide a system adequate to carry out the statutory duties referred to. In providing a trained and equipped cadre of 630 FOs it had provided the basis for such a system.

The only reason the system was not working was the strike. It was difficult to see how there could be a strike-free system. There was nothing in the legislation which imposed a statutory duty that the MLC should produce a strike-free system, nor any words that imposed on the MLC strict liability for any loss or inconvenience suffered by the meat industry as a result of any such strikes.

If the MLC took no action to mitigate the effect of the strike because it wished the strikers to succeed, then arguably it would be in breach of its statutory duty; it would be acting ultra vires.

But that was not this case. It was for the MLC in its discretion to decide how best to perform its statutory duty to achieve certification and the consequent payments.

The second category of unlawful means relied on was breach by the FOs of their contract of employment with the MLC. The allegation was that the unlawful means consisted of the FOs own breach of contract with their employers.

However low down in the scale of unlawful action ballot-backed primary strike action might be, no lawyer would describe action in breach of contract as "lawful."

Lord Wedderburn in The Worker and the Law, 3rd ed said the immunities under section 13 of the 1974 Act "have never displaced the illegality of the breach of the employment contract itself. The employer can still sue the worker for breach of his contract, even if he cannot in a trade dispute sue the union official for the tort of inducing breach."

There was clearly an arguable case sufficient for interlocutory purposes, that a striker's breach of his contract of employment might be unlawful means.

The next necessary ingredient in the tort of interfering with the trade or business of a person by unlawful means was the "intent to injure."

To make an individual striker liable to tort to any third party damaged by the strike the test must be that his predominant purpose was to injure the third party, rather than self-interest.

On the evidence it was plain that the industrial action taken in the present case was straightforward industrial action taken for improved pay. There was no evidence of any independent, let alone predominant, desire to injure the abattoirs.

The predominant purpose of the strike was the FOs desire to achieve a speedy and satisfactory settlement to their regrading claim. On the evidence the contrary was unarguable.

The second tort relied on by the abattoirs was interference with their contracts by the same two unlawful means.

The court's findings on the first and the second torts were that they were recognised by law; that in certain circumstances inducing a breach of statutory duty was "unlawful" for the purposes of the 1974 act; on the evidence there was no arguable case of a likely breach of statutory duty flowing from the inducement; there was an arguable case that a striker's own breach of his contract of employment was "unlawful means"; there was no arguable case that the FO's predominant purpose in striking was to injure the abattoirs.

A third tort relied on was inducement of breach of statutory duty as a tort on its own. That failed because there was no arguable case of breach of statutory duty, actual or threatened.

There was no serious issue to be tried that one or more one-day lightning strikes would put the MLC or IBAP in breach of their statutory duty, or that the abattoirs could establish that the predominant purpose of the strikes was to injure the abattoirs.

On that basis there could be no question of granting injunctive relief. The existing injunction was discharged.

For the plaintiff abattoirs: Anthony Lester QC and Paul Goulding (W. Douglas Clark, Brookes & Co, West Bromwich)

For the union: Eldred Tabachnik QC and Stephen Rubin (Gasters).

By Rachel Davies
Barrister

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Television/Christopher Dunkley

America for laughs

When two or three are gathered together in the name of British television, terrible tales are sometimes told about the extreme commercialism of programme making in the US. "Do you realise," one will say to another in awe, "that when they test their pilot shows they wire up the audience to palm-sweat meters as well as monitoring their pulse rates?" It does sound appallingly Orwellian. Another will respond with tales of millions of dollars being spent on the "funnel" method of creating new shows: scores of new works being financed up to the stage of initial scripts, then dozens taken through to full script, handfuls developed as far as pilot shows, half a dozen making it onto the air, and perhaps a mere two surviving the first ratings results.

Take as an example the subject of this week's column, situation comedies, and compare the British approach. Where the Americans expect a production line, turning out a series that will run for a minimum of two thirteen-week seasons, and if possible for ever, British companies happily live with the "creative genius" system in which the writers are allowed to turn out as many or as few episodes as come naturally to them. Only two series of *Fawlty Towers* were ever made, the first of six episodes and the second of seven. The American *Bilko* series on the other hand ran for years and extended to 143 episodes. *I Love Lucy* was longer still: 179 episodes. Even in the US that sort of longevity is no longer expected, but the idea of preparing and preparing and preparing until you know you have a programme which will make people laugh is still the American way.

The ever-growing demand in British television for sheer quantity is as great, and probably greater, in comedy as in every other programme area. Not a day goes by without a sitcom in the schedules, and on most days there are several. Yesterday a dedicated viewer could have watched *Bewitched*, *George And Mildred*, *No Place Like Home*, *Yes, Prime Minister*, *It Takes A Worried Man* and *Soap*. That is a fairly representative list, four series being repeats and two American imports. Furthermore the great age of *Bewitched* (it started in 1964) and the high proportion of repeats illustrates an important fact about sitcoms: they have astounding shelf life (the mini skirts in *The Liver Birds* have to be seen to be believed) and, in the case of American series, they cost practically nothing to show once they are really old.

When you remember that, in addition, sitcoms are one of the two types of programmes dominating the Top Tens, the other type being soap opera, then the insatiable demand for more of them hardly seems surprising. Ratings success is not the only reason why sitcoms are so well liked by broadcasting executives. They know that whereas soap opera is never going to win them any admiration or respect from their friends some sitcoms can do just that. Once in a while the near magical will occur and a comedy series will win high ratings *and* critical acclaim *and* admiration at the bar of the broadcasting executive's own club. The most recent example has been *Yes, Prime Minister*, a great leveller which seems to be equally popular among cabinet ministers, schoolboys and housewives.

The trouble is that series such as this (which began six years ago, remember, as *Yes, Minister*) are now so desperately few and far between. Some broadcasters deny this: tell them that British sitcom is not what it was and they will claim that *Only Fools And Horses* is in the same league as *Yes, Prime Minister*, *Till Death Us Do Part* and *Dad's Army*. This seems to me a serious under-estimate of the three older series, which were not simply funny but had something significant to say about England and the English. Indeed, I suspect that when future generations come to document our age they will find as much and probably more in television sitcoms as in any comparable area including television drama, theatre, or the novel.

Only Fools And Horses is certainly funny, undeniably popular, and to some extent it reflects social mores: it could scarcely fail to do so. But it has none of the telling insights that we gained from the relationship between Arthur Lowe's grammar school officer and John le Mesurier's public school NCO in *Dad's Army*; nothing to compare with Johnny Speight's deep understanding of the working class Tory which informs, and explodes from, *Till Death Us Do Part*; nothing like the marvellously detailed depiction of the relationship between politicians and civil servants in *Yes, Prime Minister*.

Clearly broadcasting executives cannot simply order up series which are as funny or as clever as the classic sitcoms named above. There is, however, a chasm between series such as *Fawlty Towers* and *Yes, Prime Minister* with their highly polished scripts, and the tediously repetitive rubbish which we are now offered with such frequency. It is a chasm which I suspect could be filled by the introduction of a rather more American attitude to these matters.

Consider these lines from current British sitcoms:

The Two Of Us: "What did you do with the penny-farthing, trade it in?"

"No. I kept the farthing and spent the penny" (hysteria on the soundtrack).

No Place Like Home: "Nigel is in bed with flu."

"With who?"

"With flu" (hysteria again).

Brush Strokes: "E's got more cheek than an elephant's bum" (explosive hilarity).

Full House: "Your wife tells me you're planning to be present at the birth. It's a most rewarding experience."

"You mean I'll be paid?" (More canned laughter).

Just Good Friends: "Swindon? Do they have fashion shows in Swindon?" (Yet more artificial mirth, and this "joke" was used not once but twice).

It would be depressingly easy to fill the rest of this page with similarly weak, lazy, unimaginative lines from current series. The themes are equally limp and repetitive: masterful women lording it over wimpish men, a facile turning of the conventional tables, a genuflexion to the tabloid image of feminism, which does not even begin to reflect 1986 reality.

Channel 4 alone can hold its head up so far as new sitcom material is concerned. Admittedly *Chance In A Million* by Andrew Norris and Richard Fegen seems to have little of significance to say, but at least it is very funny and, in Simon Callow and Brenda Blethyn, has one of the strongest teams currently performing in television comedy.

Better than that, though, is *The Golden Girls*, a splendid new American series from Susan Harris who created *Soap*. This one really does have things to say about the position of women today, featuring as it does three women of a certain age (late 50s?) plus the mother of one of them (late 70s) who now live together. Mothers and widows, they are gutsy and funny and independent. After *Soap* it is no surprise to find Harris willing to handle virtually any subject: last week Rose took a man friend to bed and, when she woke in the morning, discovered that his nocturnal exertions had killed him. Only those who missed it will think that this can't have been funny; it was both touching and hilarious.

With the excellent American series *MASH*, *Soap*, and *Bilko* also running on British networks, *The Golden Girls* makes up a formidable quartet which shows that there is no room in this area for British chauvinism. Only the repeats of *Fawlty Towers* and *Yes, Prime Minister* reach a similar standard. There has been no new British sitcom this season which comes even close.

Bea Arthur, Rue McClanahan, Betty White and Estelle Getty (bottom) in "The Golden Girls"

Arkhipova/Wigmore Hall

Max Loppert

Monday's Irina Arkhipova recital, broadcast live on Radio 3, brought one of the greatest living singers into the orbit of the BBC's current Russian Season. It was a happy conjunction, not only because it permitted this glorious artist a wider audience than merely the lucky few at the Wigmore, but also because the context encouraged her to offer a selection of unfamiliar Russian songs — in previous London appearances she has stuck, understandably, to Chaikovsky, Musorgsky, Rimsky-Korsakov, and Rakhmaninov. This time we had Medtner, Taneyev, Sviridov, and Shaporin, with Prokofiev as the single major figure on the bill. The programme was rare; the whole concert was richly rewarding.

After each of Mme Arkhipova's London visits it has become a commonplace to exclaim in disbelief that a singer born in 1925 should have defied time with such magnificent ease, should be able to unleash the vocal amplitude, power, and resources of colour unknown to mezzosopranos half her age. On this occasion one began by nervously wondering whether age was at last leaving its mark: in the opening Medtner group there was a slight suggestion of frailty and unwieldiness (particularly in the low register).

As the voice warmed up, of course, the wondering soon stopped. Futile comparisons of past and present gave way to the usual open-mouthed amazement at the awesome completeness of Mme Arkhipova's whole vocal personality. In the only two songs on the programme quite frequently given in the West, Prokofiev's "Magician" and "Chatterbox," it was possible to take conscious, detailed delight in the quiet subtlety of her artistry.

Where others have plausibly made the first a study in mock-ghoulish mimicry, and the second a facetiously enacted mini-pantomime, Mme Arkhipova drew the musical character and the comedy directly out of the notes and the words. Across those plump, placid features the passing of an expressive flicker speaks volumes; and a voice still capable of soprano lightness and sustained organ splendour does the rest. The absence of a sheet of words, and our dependence on the Radio announcer's brief summaries, hardly mattered after a while.

Of the four Medtner songs, the lyrical drama of "Winter Evening" and the lightly-tinted exoticism of "Spanish Romance" particularly made their mark. The usual encyclopaedia summary of Taneyev as "the Russian Brahms" hardly does justice to the range, the detailed mastery of his music, as five long pieces showed—in "The Winter Road" a quietly falling chromatic line took the breath away. Perhaps the most interesting discoveries of the evening were the songs of Sviridov, on this evidence not at all the stock modern Soviet composer he has sometimes been made out to be. A balalaika-influenced piano part and a line moving between speech and song worked magic out of Desdemona's Willow Song in the Pasternak translation.

But after all these explorations, and those provided (to a lesser extent) by the three Shaporin songs, it was fascinating to return to Musorgsky ("Gopak") and Rakhmaninov ("O do not weep") given as encores—and to find a difference between talent and genius illuminated by Mme Arkhipova's fullest vocal command. The excellent accompanist was Ivari Ilya: it is no disservice to his sympathetic attentiveness to admit that, in the presence of such a singer, all ears were on the voice.

Elliott Carter's new string quartet

Elliott Carter's Fourth String Quartet had its first performance at the Miami Festival, in September, and was played this month in a Carter concert at Vassar College (in Poughkeepsi, about 70 miles up the Hudson from New York). It's also been done in Boston. It comes to New York next month; and the Arditti is due to play it in London at the Almeida Festival next May. It is a major work, destined to enter the international repertory as its predecessors have done.

Those earlier quarters (No 1) in 1951, No 2 in 1959, No 3 in 1971) worked out—with the boldness, intensity, and freedom that the medium makes possible—musical ideas adumbrated in earlier compositions, and at the same time sired new thoughts that grew in later works. In crudest summary, No 1 explored polymetrics and lapped time scales. No 2 was a "four-way conversation," without thematic recurrences, in which each instrument has its own kind of utterance, its own kind of music. No 3 was a "double-duo"—distinct but simultaneous suites of movements for violin-cello and violin-viola. The Duo for violin and piano and the Triple Duo composed for the Fires found starting points there.

No 4, which lasts about 24 minutes, is in four movements, played without breaks: Appassionato, Scherzando, ento, and Presto. They are articulated by chordal passages in which one can hear the build of the harmonies — the pressure of note against note—more clearly than in the scurrying textures that Carter generally favours. The four instruments — as in most Carter scores — are individualised. The first violin makes big, brave gestures; when the others scurry and flurry, he strikes big, shining high notes above their dialogue. The second violin is the wit of the group. In a programme note for the famous Composers Quartet recording (Nonesuch) of the First and Second Quartets, Carter wrote of Anahid Ajemian's "fascinating wit and humour" in the second-violin role of No 2. No 4 is dedicated to the Composers Quartet; and here again the second violin is a playful, jesting commentator.

But she also has ideas of her own. Twice during the work she proposes a theme of neoclassical cut, of the kind that in Hindemith would set off a fugato; the other three reject it with a smile. Carter never repeats himself, but through the years, through a long list of works, he is always recognisably himself. In the fourth Quartet we seem to meet again the "characters" of the Second Quartet: 25 years on, but as intellectually vigorous, adventurous, fluent, and exuberant as ever. The viola is still a poet, essentially "viola-like." The cellist maintains his bolder, more passionate vein of lyricism. But there is a difference: in the earlier pieces, Carter says, he was "concerned with making plain that there was a kind of opposition" between the participants. Now — that confrontational technique mastered, familiarised—he is "concerned more with making them all join together; they're all playing different things but somehow they're all interconnected." The four are "not so antagonistic" as in the Second Quartet.

The new work has the genial, "conversational" quality of the Triple Ouo and *Penthode:* conversation apparently free, one idea prompting another, while each speaker maintains his or her characteristic vocabulary and inflexion. Yet it's fashioned by art into carefully planned, shapely periods. In addition, instead of the "great long lines of material" in the earlier works, calling for unremitted attention, there is a new use of rests, pauses. The quartets of Haydn and ("my favourite quartets") Mozart inspired it: "I wanted to see what I could do with these ideas. I hadn't explored them before." Now he has.

There have always been "tunes" in Carter's scores, and sudden, shining consonances — thirds and sixths. There are more than before in this quartet. It's not "simpler," harmonically or rhythmically, than its predecessors: the second violin generally subdivides the beat into threes, the viola into fives, and the cello into sevens. The ear doesn't catch this consciously, but (as in the Triple Duo with tits three against four against five) responds to freedom, plasticity. The quest to give difficult, beautiful thoughts their clearest, most transparent expression has here produced the most "Mozartian" of Carter's works.

Avowed early influences on Carter were Stravinsky, Charles Ives and the operas of Mozart, Mussorgsky and Verdi (for their simultaneities of varied emotions, varied musics). His music doesn't sound like any of theirs, however. Rather, he has responded to their revelation of music's possibilities. He doesn't write operas (though *Syringa* might almost be counted one) but he does write dramas, "auditory scenarios for the players to act out with their instruments." He composes not "in the abstract" but for a creator, his interpreters, and their listeners engaged together in a voyage of discovery. His music proves inspiring to master. The Composers Quartet, long associated with Carter, gave what seemed to me an inspired performance of the new work.

On the Vassar programme there were also *To Music* (1937), sung by the college's madrigal group; the Woodwind Quintet (1948) and Eight Etudes and a Fantasy (1949), played by the Aspen Wind Quintet; and the violin solo *Riconoscenza* (1984), played by Matthew Raimondi, leader of the Composers Quartet. Fifty years of music: a half century swept by waves of fashion, during which Carter has pursued his own vision, writing music that—as Bayan Northcott puts it in New Grove—"sustains an energy of invention that is unrivalled in contemporary composition."

Andrew Porter

Byrthrite/Theatre Upstairs

Claire Armitstead

The cries of a woman in labour yield to a hearty folk dance triggered by the announcement: "It be a girl." From first to last in this new play by Sarah Daniels the message is hammered home: women are the rightful owners of the means of reproduction; technology—from the knives of 17th century doctors to the test-tubes of our own—is the tool with which the male establishment seeks to cut the womb from the gentler sex.

The setting of Byrthrite is a rural community where women hold nocturnal meetings against a background of duckings and hangings for alleged witchcraft. Their intention is to write and perform a play, affirming a sisterhood that can withstand the assaults of male libido on the one hand and superstition on the other. In an era which has just seen Wendy Savage hounded from her job for her espousal of natural childbirth, Daniels' decision to place her play among the witch hunts of 17th century England seems apposite enough. Her theme, though, meanders into a thicket of radical connections and solutions: the lesbian relationship becomes a haven in which women can count themselves safe; the boy child is rejected because of the man he has become, and the wife becomes a celibate preacher. Where does that leave reproduction?

Although her arguments are not always easy to swallow, Daniels puts her case with vigour and wit. Her command of country dialect creates a sense of period that holds up well as the plot unfolds on to increasingly surreal scenes punctuated by Jo-Anne Fraser's up-front musical numbers which range from traditional folk stomps to an amusing gynaecology tango. These are performed by an accomplished cast of six who double and redouble to create a dramatis personae including a splendidly poker-faced aristocrat from Janette Legge, and a wise, warm old midwife from the excellent Maggie McCarthy.

But Carole Hayman's staging (on a set by Jenny Tiramani), is surprisingly inconsistent. Least comprehensible is her decision to place a large truckle door at the edge of the stage, blocking the sight of a section of the audience for a significant chunk of the first act. Unfortunately the section just happened to be reserved for critics.

Itchy Fingers wins jazz competition

Itchy Fingers, a saxophone quartet from South London, are the winners of *Schlitz Jazz Sounds 1986*—the first Young Jazz Musicians of the Year competition. In second place was the Andy Sheppard Quartet from Bristol and third the Andy Spence Sextet from Wakefield.

Held in "Heaven," Charing Cross, London, the final of *Schlitz Jazz Sounds 1986* was recorded by BBC Television for showing on January 3.

Philharmonia/Festival Hall

Andrew Clements

In a flurry of Press releases, Swiss francs and arguments over exchange rates, Vladimir Ashkenazy withdrew from Monday evening's Philharmonia concert, leaving the orchestra to find another soloist for Rakhmaninov's Paganini Rhapsody. Luck was with them. The Soviet Mikhail Pletnev is nearing the end of a British tour (he gives a Wigmore Hall recital tonight) and was able to fill the gap. But more than just fill it; Pletnev's contribution set the standard for what was in every respect one of the outstanding concerts of the year.

Pletnev first appeared in Britain in 1979, after winning the Chaikovsky Competition a year earlier. Naturally he has matured considerably, but to the steely brilliance of that debut he has added now a great deal of straightforward musicality, without any hints of Gavrilov-like self-indulgence or shallow showmanship. Skittishness in the 15th variation momentiarily suggested otherwise, but the poise returned. Combined with Bernard Haitink's vivid accompaniment — he is not the most obvious Rakhmaninov conductor, but here, and on his recordings of the concertos with Ashkenazy suggested an unsentimental awareness of the music's strengths — it produced an account of uncommon clarity, directness and finesse.

As far as Haitink and the Philharmonia were concerned it was only the start of an evening of magnificent accomplishment. The permormance of Bruckner's Fourth Symphony which followed was undoubtedly the finest I have heard of that symphony in the concert hall, perhaps the best of any Bruckner symphony. Haitink's control, and the orchestra's ability to manifest it, were astonishing: a bare, unadorned reading, without spare flesh at any point. The broad paragraphs of the first movement were clearly delineated, yet still developed organically from one to the next, as the strictly measured pauses between them assumed enormous potency.

That willingness to let the music breathe, to present its truths without any varnishing, grew steadily more impressive as the symphony went on. The finale had one teetering on the edge of one's seat with anticipation, as Haitink's timing of the constituents became ever more finely judged; it is by no means the most successful of Bruckner's finales, but on this occasion, characterised by such an all-embracing orchestral richness, it seemed entirely and eloquently right.

Saleroom/Susan Moore

Amen glass goes

Only 30 or so Jacobite Amen glasses survive. The last example to come to light, the "Breadalbane" Amen glass, was sold yesterday at Christie's for £28,600 (estimate £12,000-£15,000). It was one of the few still in private hands, sold by the descendents of the Earl of Breadalbane, and went to a private collector. Engraved with a crown above the royal cipher and with four verses of the Jacobite anthem, the glass, in perfect condition, was dedicated to James II's younger son Prince Henry. Made between 1745-50, it was used by Stuart supporters to toast their exiled king. An Amen glass was sold earlier this year at Sotheby's for £14,300.

In the same sale a Bohemian glass "Reichsadler" tumbler, enamelled with the crowned Imperial double-headed eagle and dated 1601, was sold to a German dealer for £8,800. A Viennese "ranftbecher" enamelled with three Tarot cards, of around 1830 also doubled its estimate, selling to the London dealer Pro Arte for £5,280.

The morning sale proved a great success, with 99 per cent sold, totalling £192,417.

At another Christie's sale yesterday the market for middle-ranking English 18th century watercolours looked stable, with prices generally achieving their estimates. No institutional client came forward for the two Scottish sketchbooks by Paul Sandby and his circle, and the lot was bought in for £8,500. The top price of £8,250 was paid by dealer Martyn Gregory for a chalk landscape by Thomas Gainsborough, while Edward Dayes's *Redbrook on the River Wye* sold well for £7,700. Ten per cent was bought in.

At Sotheby's in New York on Monday a world record price for any antiquity sold at auction was established by a Cycladic marble goddess of around 3000-2500 BC. This well-known statue, only 8 in high, was sold to a private American bidder for \$1.32m (£923,076). A European dealer paid \$451,000 against an estimate of \$75,000-\$125,000 for a fragment of an Assyrian gypsum relief from the North-West Palace of Assurnasirpal II at Nimrud, 885-856 BC. It comprises the head and shoulders of a winged guardian divinity, complete with tightly curled beard and fearsome countenance.

Another success was a Roman mosaic panel, 1st/3rd century AD, forming a dense geometric and illusionistic pattern. It went to an anonymous purchaser for \$44,000. The lion-headed goddess Sekhmet, the property of Lee Radziwill, fared less well. From the Temple of Mut at Karnak, Thebes, this powerful diorite figure was sold for \$55,000 (estimate \$60-80,000). The sale totalled \$1,892,711 with 5 per cent bought in.

London Sinfonietta on tour in Russia

The London Sinfonietta starts a 15-day tour of the Soviet Union on December 1, the first visit of a British orchestra since 1974.

Its programme will include six Sinfonietta commissions; works by Toru Takemitsu, Hans Werner Henze, Nigel Osborne, Harrison Birtwistle, Simon Bainbridge and Oliver Knussen, who also conducts.

Concerts will be given in Moscow, Kaunas, Vilnius, Riga, Tallin and Tartu.

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Arts Guide

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November 21-27

Theatre

TOKYO

Takarazuka All-Girls' Revue. This phenomenon, the antithesis of Kabuki where all the roles are played by girls but with typical Japanese innocence and earnestness and totally un-camp, is a must for visitors. Takarazuka perform elaborately staged and skilled musical adaptations of both Japanese and Western plays – also revues and standard musicals. Highly improbable plots are more than compensated for by spectacular stagings and huge casts. Takarazuka provide another insight into the incongruous mosaic of Japanese culture. Detailed English summaries in the programme – in case the original story is altered beyond recognition. Takarazuka Theatre, near Ginza and main hotels. Afternoon and evening performances. (591 1711).

Dreamgirls: Michael Bennett's Broadway Tony and Grammy Award winning musical. The story of a 1960s female pop group, this is an original production brought to Tokyo by Isetan Department Store and Asahi Television as part of Isetan's centennial celebrations. Kosei Nenkin Hall, Shinjuku. (359 2200).

Wind Station, avant-garde play which concludes a compelling and moving trilogy on the theme of the language of silence, by Tenkei Theatre. The best-known Water Station has been seen at many venues outside Japan. Like its predecessors, Wind Station continues the exploration of human communication – particularly relevant to Japanese society. T2 Studio (beyond Ikebukuro) is Tenkei's recently opened theatre converted from an old warehouse. The civilising amenity of a theatre bar (rare for Japan), interesting location, cosy space and play without language problems – all promise a rewarding evening. (983 9486).

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffraff. (836 6111, CC 836 1171).

Misalliance (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

Lend Me a Tenor (Globe): Ian Talbot leads the new cast in Ken Ludwig's fizzing comedy about backstage tribulations in Cleveland, Ohio, during a doomed 1932 tour of Verdi's Otello. A blight at the opera. (437 1592, CC 379 6433).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Kafka's Dick (Royal Court): Alan Bennett resurrects Kafka as a tortoise in the living room of a contemporary dogsbody researcher, an insurance clerk like his hero. Brave, strange and funny play about biography hinging, in part, on the enlarged matter of a small member. (730 1745/1857).

Woman in Mind (Vaudeville): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; be not put off by that. (836 9987/5645).

When We Are Married (Whitehall): Impeccable, joyous revival of an English comic war-horse now with a new cast, but Bill Fraser reprising as the tipsy Falstaffian photographer. (930 7765, 839 4455, CC 379 6565/6433).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously with life past, present and future, with a funny plot to match. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

The Mystery of Edwin Drood (Imperial): Rupert Holmes's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

CHICAGO

Pump Boys and Dinettes (Apollo Center): Focuses look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

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Distortions in green currency

EFFORTS TO infuse reason into the madness of Europe's Common Agricultural Policy seem difficult enough at the best of times. But they have been seriously complicated in recent weeks by a deepening morass of disputes over so-called "green currencies" — the notional exchange rates used to translate EEC farm support prices into national currencies.

Far from concentrating on the pressing issue of runaway dairy and beef spending at recent meetings, farm ministers have become bogged down in arcane arguments over monetary compensatory amounts (MCAs) — the system of cross-border taxes and subsidies for intra-Community trade.

The immediate concerns have been well publicised. Britain, faced with stiffening competition from Ireland in beef trade following a devaluation of the green punt, has been pressing for an adjustment of its own green rate. France has been demanding relief from a flood of relatively cheap British lamb exports following the recent depreciation of sterling.

However obscure they may seem, though, these disputes are not about to disappear: they are merely the tip of an iceberg which is likely to become increasingly troublesome in EEC farm politics over the next few months.

Difficulties recent

In short, the Community's byzantine agrimonetary system urgently needs review. It makes a nonsense of claims that the CAP provides for a unified agricultural pricing system. It provides an excuse for distortions in what is already a highly protectionist regime, and for obvious political manipulation of farm prices. It is costing the Community money which it can ill spare from a farm budget close to bankruptcy.

A separate monetary system for farm products has grown up gradually over the years, but the present difficulties are of fairly recent origin. At the outset, monetary compensatory amounts were intended as one of the key agricultural trade-offs between France and West Germany, designed to iron out the trade effects of what were perceived as exchange rate imbalances. They taxed exports from countries with weak currencies and subsidised sales by states with relatively strong exchange rates. And for many years, the system functioned fairly smoothly. It was only when farm incomes started to come under real pressure throughout the Community during the 1980s that pressure began to build up for change.

Hostility was focused in particular on the effective German farm export subsidy. The French wanted it scrapped, but the Germans would not tolerate the reduction in their farm incomes which that would almost inevitably cause. The result two years ago was an ingenious compromise, by which the European currency unit, in which farm prices are fixed, has been pegged close to the D-Mark, the EEC's strongest currency.

False premises

As the D-Mark has gained in strength, it has created a growing need for taxes on exports from the weak-currency countries. At the same time, it has intensified the pressure for green currency devaluations, such as Ireland obtained a few weeks ago and Britain is pressing for now. These are inflationary, both for food prices in the countries concerned and for the EEC budget. It is surprising to find as fierce an advocate of agricultural austerity as Britain pleading for such an adjustment, which would interfere with the restrictive price signals farmers are supposed to be receiving.

The whole debate, however, is based on false premises. In the first place, it is by no means clear why farm products should benefit uniquely from a system to smooth out the effects of currency fluctuations. Second, the CAP is supposed to have ushered in common farm prices. The current system, under which individual EEC member-states can manipulate prices in their national currencies by juggling with their green rates, destroys any notion of a common agricultural market. It has effectively "renationalised" a key part of farm policy-making, something which the European Commission has always vowed to fight hard against. It would probably help to alleviate some—though certainly not all—of these problems if Britain swallowed its objections to joining the European Monetary System. But the EEC will not fully extract itself from this monetary mess until it seriously sets about phasing-out the whole ludicrous MCA system.

Good and bad privatisation

SUPPOSE A schoolboy was asked to observe the sale of British Gas and then explain the meaning of the term privatisation. What sort of an account would he give? His first intelligent guess might be that it was some kind of stunt organised by the advertising profession. What else could explain the frequency of the TV advertisements featuring his favourite soap opera stars or the number of colourful hoardings in city centres?

But then he might observe his parents raiding the building society and pleading with the bank manager to lend them money. He would deduce that privatisation was a serious matter involving something called "investment." What you do is send off a cheque and await what appears to be a guaranteed profit. Then you may well sell your shares as quickly as possible.

The boy, if really bright, would realise that privatisation also entails a change in status of a large and powerful company. Yet it is a change which seems to have few material consequences: the company does not get split up or experience a change in management. The crucial thing is that the process of "going into the private sector" seems to make the chairman, government ministers, a place called the City and his parents very happy. It brightens up Christmas.

Efficient provision

What the child would never guess is that privatisation is supposed to be a way of improving industrial efficiency. He would be unlikely to hear his parents discussing the importance of deregulation or the need to expose large corporations to the discipline of market forces. He would be unlikely to be told that a change in the ownership of an industry is less important than a change in its structure. People should not need reminding that private-sector monopolies are just as capable of exploiting the customer as their public-sector counterparts.

The model of privatisation that deserves serious study is not the multi-billion pound flotation of British Gas, which has disappointed economists from beginning to end, but the unglamorous putting out to tender of local authority refuse services. This has not involved expensive City underwriting, TV advertising or the underpricing of national assets. It has not given anybody easy profits. It has merely resulted in the more efficient provision of essential services.

Not isolated

A study by economists at the London Business School and the Institute for Fiscal Studies shows that the local authorities using private contractors have reduced costs by 22 per cent on average while maintaining the standard of services. It demonstrates that it is competition—a change in market structure—that matters most: councils which tendered but awarded contracts in-house also made big cost savings, about 17 per cent on average. By a curious coincidence, the saving from extending this form of privatisation to all local authorities would almost offset the underwriting fees on the British Gas sale.

The British Gas sale is not an isolated example: similar criticisms applied to the flotation of British Telecom, although then the creation of Mercury Communications ensured there would be a little competition, and will apply next year to the sale of British Airways. Investors should remember, as they pocket their stagging profits, that in preparing BA for sale the Government pointedly ignored most of the recommendations of the Civil Aviation Authority, the industry watchdog. More competition could have been injected into UK civil aviation; the Government opted to maximise sale receipts.

Competitive tendering of local refuse services represents the privatisation programme at its best: a microeconomic search for efficiency which has little to do with ideology. Deregulation and competition should be the hallmarks of future privatisation. The raising of cash and the promotion of wider share ownership are best achieved explicitly through the tax system.

FRENCH TAKEOVERS

The bandwagon gathers pace

By Paul Betts in Paris

"WE HAVE only had a little bang so far in France," says Alain Minc from his spacious new offices at the top of the Yves Staint Laurent building in the Avenue Georges V. "But if we don't eventually have a real big bang, I fear that a lot of French institutions will find that they have missed the boat in the new international game," adds the man who has become the main partner in France of Mr Carlo De Benedetti, the Italian entrepreneur and financier.

De Benedetti and Minc, who was formerly finance director of the Saint Gobain glass and pipes group had been at the forefront of a major evolution in French business attitudes over the past few months. Financial deregulation and open market economic policies—launched by the former Socialist administration and pushed further by the new conservative government—have stimulated takeover activity and large international deal making in Paris. Increasingly the attention of foreign investors is being focused on France.

"Mr John Akers, the chairman of IBM, said last week that French economic policy was causing considerable interest in the US, especially the government's programme to privatise 65 state industrial and financial groups, and to open up markets. "We have even heard that Delacroix and Montesquieu talk about their investments on television," he remarked at the opening of a FFr 3bn extension at IBM's semiconductor plant outside Paris.

The Japanese are also showing interest. Says Mr Hitoshi Sawada of Sumitomo Bank: "Until now, the UK and West Germany were the favoured destinations of Japanese businessmen with plans to set up an industrial plant in Europe. I am now convinced that Japanese investors should consider France as the first candidate for their European manufacturing plants."

During the past few weeks, takeover activity has been gripping Paris and the number of hostile bids, a phenomenon seldom seen in France until recently, has been on the increase.

The latest example of an unwelcome bid came last Friday when Bouygues, the leading French construction group, announced it had acquired a 33.9 per cent stake in Spie Batignolles, a rival construction and civil engineering company 57 per cent owned by the Schneider industrial group, for FFr 830m. Bouygues has been on the acquisition trail all year, taking over Screg, the country's second largest construction group, buying control of the Aux Trois Quartiers department store in Paris and announcing plans to acquire a major stake in TF-1, the French state television channel to be privatised next year.

Major French groups have also started adopting a much more aggressive approach to foreign acquisitions, especially in the US. Since last summer, L'Air Liquide has acquired Big Three Industries of Houston for $1.06bn in cash; Rhone Poulenc is buying Union Carbide's agrochemical business for $575m; Compagnie Generale d'Electricite (CGE) is about to take control of a joint telecommunications venture with ITT which will create the world's second largest telecommunications group after AT&T; and the state Bull computer groups is negotiating with Honeywell and NEC to lead a new computer venture around Honeywell's information systems division.

"I think it is encouraging to see traditional French families like the Recamiers and someone like Edouard de Royere act like aggressive capitalists," says Mr Minc. "When I was at Saint Gobain and we paid FFr1bn for a stake in Olivetti in 1980 people here thought we were mad."

Henry Recamier, the head of the Vuitton luxury luggage manufacturer, recently launched a FFr 4.37bn takeover of Veuve Cliquot, the champagne and perfume group. De Royere, the chairman of L'Air Liquide, one of the most staid private industrial groups in France, has followed up his $1.06bn acquisition of Big Three by launching one of the biggest equity raising operations ever to be made by a private French group, involving a FFr 2.7bn rights issue. Indeed, the evolution in business attitudes has come essentially from industrial groups, including some of the most sober members of the French Patronat establishment, rather than from the financial establishment which has generally been far slower to react to the changes in the international environment.

Takeover activity may still seem very small compared to the US. There were only nine takeover bids in France last year compared to 336 in the US.

But compared to a few years ago, the change is striking. Of the recent deals the one which perhaps best illustrates the extent and the limits of the evolution is the $630m acquisition of Charles of the Ritz, the perfume and cosmetics subsidiary of the US Squibb group, by Yves Saint Laurent, with the help of Mr de Benedetti.

Yves Saint Laurent, which has been owned by the fashion designer and his partner Pierre Berge for the past 25 years, was seeking a strong financial partner to help it mount a takeover bid for Charles of the Ritz in the US. The American company owned the Yves Saint Laurent line of perfumes, which the French company wanted to take over. A New York banker put Yves Saint Laurent in touch with Mr de Benedetti who acquired a 25 per cent stake in the fashion house for FFr 255m through his new French holding company Cerus. De Benedetti and Yves Saint Laurent then moved swiftly to beat the American and Japanese competition for Charles of the Ritz.

The deal reflects a more selective — and aggressive — approach to US acquisitions and industrial development.

"Although France is the world's fourth largest industrial country it was until recently an abnormal country. It was economically strong at home but a complete dwarf internationally," said an executive who has worked both for large French and US multinational groups. "The French are now choosing what they want in the US. Until recently they got the leftovers from the American table," he added referring to earlier disappointing French acquisitions in the US like Elf Aquitaine's $2.3bn takeover of Texasgulf in 1981 and Renault's acquisition of 46 per cent of American Motors Corporation in 1979.

The worrying aspect of the Yves Saint Laurent deal, which highlights the limits of the current business revolution is the fact that the fashion designer had to turn to an Italian partner to find one prepared to take a direct stake in the Charles of the Ritz venture.

Despite its sincere commitment to liberal free market policies, the French administration remains apprehensive over the impact the new spate of deal-making could have no longer-term French national interests.

Past international French acquisitions have seldom been success stories. But what continues to haunt the administration is the Peugeot takeover of Chrysler's European operations in 1979, which subsequently plunged the large private French group in a prolonged crisis out of which it has only recently emerged.

"The French felt they had been duped by the Americans over Chrysler. It has and continues to have a major impact on French attitudes to big international deals

It was under Mr Pierre Beregovoy, the Socialist economy minister, that deregulation of financial markets was launched, regulations on takeovers relaxed, and the first, camouflaged steps towards denationalisation taken. But while clearly committed to a major privatisation and economic liberation programme, Mr Edouard Balladur, the new right-wing economy minister, sought at the beginning of his term to ensure the government was in control and prevent enthusiasms running wild. This was reflected in his efforts to stall Mr de Benedetti's take-over last spring of Valeo, the leading French car components group, by classifying the company as an enterprise involved in national defence.

However, the Government, which launched the first of its privatisations this week with the sale of Saint Gobain, is also aware that it cannot halt the changes that are taking place.

Of all the deals currently being negotiated, the one posing the biggest problem for the administration is the sale of Compagnie Generale de Constructions Telephoniques (CGCT), the troubled French telecommunications manufacturer, to a major international telecommunications company.

AT & T of the US, Siemens of West Germany, and Ericsson of Sweden are all battling for CGCT which would give the winner access to CGCT's current 16 per cent share of the French public telephone exchange market. The protracted contest for CGCT had now become a major international affair, with Washington and Bonn putting pressure on the French Government to select their respective companies. What is significant is that the issue now has become which foreign group will take over the company—and no longer on whether to allow a foreign company to acquire CGCT and enter the domestic public telecommunications market.

Nonetheless opening French companies to foreign investors remains a problem, according to business analysts. The Government continues to keep a close eye on the level of foreign investment in French groups. "The opening up to foreigners is likely to be one of the last stages of denationalisation," explained one analyst.

Moreover the Government's hecitation could slow down the timetable of the privatisation programme itself. This would largely reflect the heavy load of new paper the market may have to absorb next year with increasing equity issues by large groups to finance new investments and acquisitions—on top of the sale of state groups.

Nonetheless, the general tide is expected to gather, not lose momentum. As Mr Alain Madelin, the French industry minister and one of the most vocal champions of liberalism in the conservative government, remarks: "I believe we are launched in an irreversible process."

The reasons for the change are powerful:

Restructurings in French industry, the growing potential to see several French groups turned around, improved profit margins and the lower dollar, the new political and economic environment in France are all factors which have contributed to the business revolution.

But some members of the administration have shown signs of a traditional nationalistic reaction to the current upheavals. Mr Francois Guillaume, the agriculture minister and former French farmers' union leader, warned last Friday that the Government "intends to protect France's large food groups from the appetites of foreigners."

Although US-style corporate raiders are still scarce in France, the fear of hostile takeover bids is forcing French companies to change their attitudes. "I believe things are moving here in part because many people are frightened of a takeover. It forces them to be more dynamic because it's a way of protecting yourself," said Mr Minc.

The question, and indeed the challenge, for France is whether it will be able to abandon completely its old "dirigiste" instincts, and allow itself to be swept fully into the big bang syndrome.

Leading players in the game: Carlo De Benedetti (left), Alain Minc (top right) and Yves Saint Laurent

FRENCH ACQUISITIONS OF US COMPANIES: 1986

L'Air Liquide—Big Three Industries, $1.06bn. Yves Saint Laurent—Charles of the Ritz, $630m. Rhone-Poulenc—Union Carbide's agrochemical business, $575m.

Bull—Honeywell Information Systems. Bull currently negotiating stake of about 40 per cent in new computer grouping around Honeywell's information systems division. NEC of Japan also to be a partner. Cost of the operation for Bull expected to be about $400m.

CGE—ITT. CGE due to take control next year of a new communications joint venture with ITT with total assets valued at $4.6bn. CGE and its European partners to pay ITT $1.1bn by the end of this year.

Men and Matters

Rewards of courtesy

The circumstances of their first meeting were hardly ideal. But Thomas Prentice knew at once that George Paul might well become his successor as chief executive of Harrisons & Crosfield, the plantations and chemicals group.

"It's not everyone who can remain courteous and kind when receiving an unwelcome takeover bid," Prentice said yesterday. Which is what impressed him about Paul, 46, then managing director of Pauls, the feeds and flavours group, when Harrisons made its bid for the company last year.

Harrisons' bid was eventually successful—after what many described as a "gentlemanly" battle in which both sides refrained from any personal attacks.

And Prentice announced yesterday that Paul would duly become chief executive of Harrisons in July next year. His preferment follows seven months of globetrotting to gain familiarity with Harrisons' far-flung empire. For the next seven months, he will share the chief executive's role with Prentice, a 40-year Harrisons' veteran, who will retain the chairmanship he has held since 1977.

Paul certainly has no regrets about the conduct or the result of last year's battle. "It has worked out exactly as the H & C management said. Truth and honour and straight dealing have been well and truly vindicated."

Country-style

The high-tech software company Pafec, started 10 years ago by a Nottingham university academic, Richard Henshell, believes that top-notch thinkers need rather special environments.

Putting its ideas into practice the company now has its corporate headquarters in a converted manor house in Strelley, a Nottinghamshire village, complete with a medieval church in the car park. The connection between the company church and software writing is not explained.

Pafec has also taken over an old lace mill, and a stately home near Bristol.

With annual sales of £10m Henshell says that blending new industry into the countryside works a treat.

Age concern

The chairmen of Spanish banks are retiring earlier these days, it seems. Don Emilio Botin, venerable head of Banco de Santander, has stepped down after 36 years in the job at the age of 83. For three years he had been the doyen of Spanish banking. Previous holder of that distinction, Don Jose Maria Aguirre Gonzalo, of the austere giant Banesto, had to be persuaded to give up at the age of 86.

Since a new generation took over in Spanish administration with the arrival of the Socialists, the banking sector—long regarded as one of Spain's main seats of power—has started its own process of rejuvenation. Four years ago, the assembled heads of the big seven banks, meeting in private for their famous monthly luncheons, had the same kind of aura as the leadership of the Chinese Communist Party. The average age has since come down from 68 to 62, and could soon drop to 60.

First to go was Luis de Usera, of Banco Hispano Americano, at 75. A few weeks ago, 68-year-old Angel Galindez, of Banco de Vizcaya, announced he would be stepping aside for Pedro de Toledo who, at 51, becomes the Benjamin of the big seven.

Another change is now widely expected at Banesto, with Pablo Garnica, 77, making way for Jose Maria Lopez de Letona, 64, a former Bank of Spain governor brought into the bank earlier this year. This would leave the apparently immovable Alfonso Escamez at Banco Central as the oldest of the lot, at 70 (the bank is discreet about his age, as about everything else). Next comes Claudio Boada, of Hispano Americano, at a tender 66.

Not everything is changing, however. After Emilio Botin's departure, the new chairman of Banco de Santander is called . . . Emilio Botin.

"I almost feel sorry for Mr Botha—life without a Barclaycard can be hell"

One way tickets

Australia can fairly be said to have been founded by public sector action when, in 1787, the British government sent out the First Fleet, with crew and passengers numbering 1,350 — the latter mostly convicts being transported.

Now the hope of all Australia is that an equal fleet of 11 square-rigged vessels will make the passage again next year to celebrate the bicentennial.

However, the "re-enactment" as Australians are calling the scheme with an almost biblical fervour, will stand or fall by the efforts of private enterprise this time. The ships' companies will have to pay handsomely for their voyage.

With the exception of a grant to £150,000 from the New South Wales government, the £5m needed to charter the ships and fund the voyage will be raised by business backers.

Australian Ken Rosebery is one of them. He fell in love with a modern replica of the ship Bounty (built for yet another re-make of Mutiny on the Bounty) bought her, and is sending her on the eight-month voyage from London to Sydney.

Rosebery is in London recruiting paying volunteers. He says that even if every one of the 250 berths is taken by adventurers willing to pay to sail through the Atlantic and the Roaring Forties of the southern ocean, the project will still show a deficit of some £1.5m.

The First Fleet Company, formed to manage the voyage from Sydney, expects to make up the deficit by film and tv contracts, sale of souvenirs, tours of the ships at ports of call, and "anything else we can think of to raise a dollar."

A berth for the complete voyage will cost you £14,688. The last leg from Fremantle to Botany Bay (35 days for £3,765) has already been fully booked by patriotic Australians.

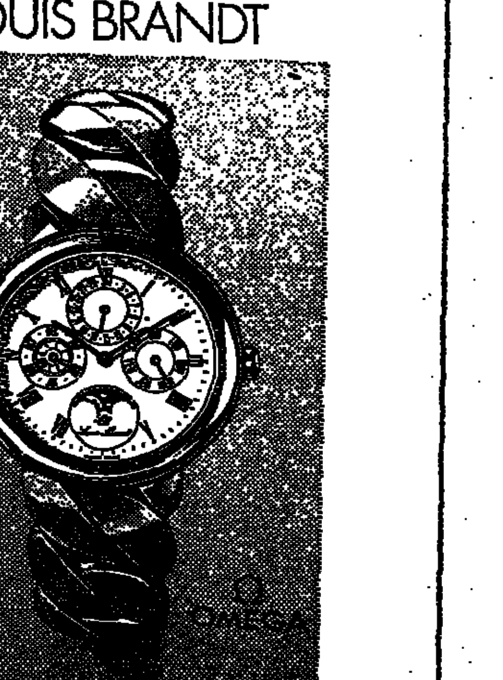
There is still room for amateur seafarers on the six previous legs which take in Portsmouth, Tenerife, Rio de Janeiro, Cape Town and Mauritius.

End product

Scrawled in a Chelsea wine bar —"Chablis makes me whablis."

Observer

LB
LOUIS BRANDT



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PILKINGTON AND ST HELENS

The view from Glasstown

AS LABOUR politicians go, St Helen's Marie Rimmer belongs to the left. She is no fan of Neil Kinnock and leads a divided party that has been suspended by Labour's National Executive. Some of its leading lights face disciplinary charges and expulsion.

Those under threat have never been silent on the workings of capitalism, which they blame for more than 20,000 job losses in St Helens in the last five years. They have been highly critical of the role of Pilkington Brothers, the glassmaking giant and dominant local private sector employer, in causing some of them.

Yet suddenly Mrs Rimmer is leading a united party. The attempt by BTR to take over Pilkington has spurred the whole community to the barricades. As she puts it: "I have not heard of one person supporting BTR, no one. I have spoken to people I know who you might expect to be anti-Pilkington and they are all against the takeover."

Pilks, as the company is known locally, is seen as the lesser of two evils—a practitioner of caring capitalism as opposed to potentially insensitive axemanship by decision makers far away.

The town has suffered a lot from the latter: outright closures have included British Sidac's cellophane plant, Smurfit's packaging company and the Rockware glass bottle plant. There have been big job losses at United Glass, GEC, British Coal—which had three pits in the area—and the Capper Neill engineering group.

Pilkington's position in the job losses league has been near the top—numbers employed locally have dropped from more than 15,000 in 1970 to only just over 7,000 now, though it believes that is the end of it.

Mrs Rimmer says: "There have been divisions in the way people have seen Pilks' role, but we cannot at this stage take a narrow viewpoint over something as serious as BTR trying to take them over."

The divisions have concerned Pilkington's decision to invest elsewhere in Britain and worldwide, and to license its technology, rather than expanding in the town itself. Further, Mr Brian Green, Mrs Rimmer's deputy, believes that Pilkington has used its reputation for "industrial philanthropy" as a shield when it wanted to shed jobs.

Now Mrs Rimmer is putting the case for Pilkington. She says: "Pilks have taken years over rationalisation. But companies like BTR do it instantly. Under BTR we think a couple of factories would close straight away. St Helens people see Pilks as theirs. They have a sense of Pilks belonging to them.

"They have felt very strongly about investment going elsewhere because they think that the company and the jobs in it are theirs. Well, we will have to agree to disagree with Pilks on several things, but we are going to support them fully in fighting the takeover."

St Helens' reaction to the BTR bid stems from two factors. The first is the glassmaker's long history of benevolent policies to its home community—coupled with its deliberate decision to keep its world headquarters there—and the second is the nature of that community in itself.

The borough is small by the standards of unitary local authorities—only about 190,000 people, compared with a more usual size of about 300,000 and nearly half-a-million in neighbouring Liverpool. Because many of its citizens are Roman Catholics and belong to large families, there are extended kinship patterns, often running across several generations.

When a job is lost, the person joining the dole queue is not just anyone, but Harry's brother, or Frank's uncle, or Margaret's cousin. This realisation hit Pilkington's negotiators hard ten years ago when they started talking to the unions about new technology and the labour-shedding that must result. Resistance started to grow.

Many in the town now believe that what happened next may well prove significant in determining attitudes to the BTR bid well beyond St Helens, for it symbolises the gulf in corporate culture that separates BTR from Pilkington.

As negotiations got tougher, the company offered to help with the creation and growth of small businesses in the town to provide alternative work. Union leaders were suspicious and told the then chairman, Sir Alastair Pilkington, they did not believe him, that the idea was merely a cosmetic sop to secure their compliance.

A furious Sir Alastair railed at his managers as soon as the meeting broke up. The idea had to be made to work, he said, and the now world-renowned community of St Helens Trust—Britain's pathfinder enterprise agency—eventually started operating.

Corporate commitment was ensured when Mr Bill Humphrey, the founding director, an outsider who devised the form of the trust, persuaded the glassmaker's present chairman, Mr Antony Pilkington, to become its chairman. The trust is known to have generated at least 6,000 jobs in several hundred small businesses by the end of 1984, and possibly more.

Mr David Boult, who succeeded Mr Humphrey as director, says: "This used to be an entirely big-company town. There is now an infrastructure of small business that was not there before."

Mr Graham White, the borough's economic development officer, says that the evidence of success has never been so apparent as now. "We have just had our best year ever for disposing of property to small and expanding businesses. There has been a substantial turnround in confidence," he says.

Mr Boult, a former director of cable manufacturers BICC with no previous Pilkington connections, says the trust is a perfect example of enlightened self-interest because many of the hundreds of companies that it helped to form and grow have become Pilkington suppliers.

Others have become the vehicles for technological spinoffs that the giant company would not have been able to bring into production economically. Putting high value-added finishes in short runs on to crude "cemfil" tiles—made in bulk by Pilkington—is a case in point.

By Ian Hamilton Fazey, Northern Correspondent

The possibility of disturbance to this hard-won new industrial infrastructure as a result of a successful bid by BTR is filling many local people with great concern.

But the issue of job-creation goes beyond St Helens. The trust was the prototype for nearly 300 others in Britain. Out of this enterprise agency movement, as it has become known, sprang an umbrella organisation to co-ordinate them and similar activities—Business in the Community.

This is chaired by Lord Carr. Sir Alastair Pilkington is his deputy. Prince Charles is president. Leading supporters among more than 300 subscribing corporations are IBM, Marks and Spencer, Shell, BP, the clearing banks and United Biscuits.

When other of Pilkington's "good works" in St Helens are taken into account, the reason for communal alarm becomes even plainer.

Mr David Pilkington, now retired as a director of the glassmaker, but active in running several charitable trusts and funds, says: "We don't like the 'welfare state' tag that people have given us. We believe that doing what we do remains in our long term self-interest. Moreover, we have always sought to lead from behind. That way the whole community has been involved."

The work of the trusts and charities is extensive because 25 per cent of the pensioner population are former Pilkington employees or their dependents—and they number more than 20,000 now.

Welfare programmes associated with them are run from a £35m trust built up from family shareholdings in the past and employing 30 people in its own right. Specialist services include bereavement counselling, a victim support scheme and the operation of minibuses to take people out for the day or transport them to day care centres.

In addition, 40 per cent of meals on wheels in the town are run by a Pilkington charity. It also provides alarm systems for the elderly and disabled, a gardening and handyman service.

Small wonder then that any threat to Pilkington's ownership and control — family interests account for about 20 per cent of equity, says Mr David Pilkington—should unite even the Labour Party.

There is even a small note of irony in it all. One of the army of Pilkington pensioners and beneficiary of the group's "social culture" is the former publicity chief of the fibreglass division. His name is Mr John Parry Green. His brother Owen is chairman of BTR.

The sanctions debate

Needed: a realistic timetable for change

By Jan Steyn

SANCTIONS "... did not have the effect we sought. . . . It now makes more sense for us to put ourselves in a position where we might be able to influence their behaviour by our contacts with them."

SPEAKING earlier this month, Mr Joe Clark, Canada's external affairs minister, offered this assessment of his country's sanctions campaign against the Soviet Union. His government subsequently announced its decision to renew cultural, educational, scientific and technical contacts with Moscow.

Mr Clark's points are persuasive and valid. Why should the very same arguments not apply to relations with South Africa? Mr Clark, like most other North American politicians today applies a different logic to South Africa. In this inconsistency lies a danger that Western countries will fail to grasp opportunities for influencing the course of change in South Africa and the destruction of apartheid.

As pressure for sanctions has built up, culminating in the US Congress sanctions legislation, the South African Government has become increasingly reserved in its public commitments to reform. While the opening speech to Parliament in January this year of Mr P. W. Botha, the South African president, contained quite powerful mobilising calls for reform, the official stance now appears to be highly cautious at best, and, at worst, defensive and intransigent.

Now that some sanctions have been imposed it is vital that Western countries, and particularly Europe with its greater political maturity, assist the South African reform alliances (both black and business) to rekindle that positive spirit of change which made the first half of 1986 the beginning of the end of apartheid.

External actors must establish clear targets within a realistic time-frame. But this must be one which takes account of unavoidable realities: the white electorate must be prepared for each particular reform. If not, the reformer risks further radicalisation of the right wing opposition or disaffection within his own party's ranks.

For these and other reasons, I would identify the following targets and time-frames as being realistic. My phrasing is at times advisely vague.

● By middle 1987: the restoration of citizenship to all South Africans who lost it when four of the black "homelands" became independent from South Africa; the phasing out of all programmes which restrict the movement of specific racial groups for political or ideological reasons, to help create more jobs in the cities; the establishment of procedures to make land and finance available rapidly for black housing in the major cities; the final abandonment of all forced removals and significant moves to upgrade informal settlements.

● By middle 1989: the opening of residential areas in the cities to all races; the establishment of a single Ministry of Education for all races; the opening of a significant number of presently white government schools to blacks—especially where this has the support of the majority of parents; subsidised construction of new multi-racial schools, to provide all blacks, including those who move into formerly exclusive white areas, with convenient access to non-racial education, the restoration of rights for blacks to own land and property in "white" rural areas on a scale sufficient to allow dynamic black rural development; the formulation of a framework for constitutional negotiations and for negotiation over black voting rights for the central parliament — a framework which would have to be made acceptable to reasonable black leadership; the establishment of an interim form of black political participation which representative and reasonable black leadership would also find acceptable. The release of all political prisoners with the exception of those who have committed serious violent crimes in recent years.

In the present fever of expectations about South Africa, these targets may appear overly modest. But debates about further sanctions by European governments will be pointless and destructive exercises unless they occur within a realistic framework.

Negative measures will not be sufficient. The most powerful incentives for change must include rewards as well as restribution.

I am convinced that commitment to a package of development aid must accompany any negative pressures. This principle has already been conceded in the legislation enacted by the US Congress. What is required is a programme of well-directed development funding as well as the facilitation of loan finance for:

● Open (non-racial) housing projects.

● Teacher training establishments on a non-racial basis, as well as associated support programmes (bursaries).

● Non-racial technical training institutions.

● Job creation projects for black youth.

● Bringing blacks into the formal economy, especially via small business development programmes.

If these development aid packages were to be of sufficient size to assist in restimulating the South African economy, the South African private sector will add its considerable weight to a European endeavour to promote change. Indeed the delivery of tangible products of this kind will be the best proof of the integrity of purpose of the business community as a whole.

Whereas present strategies are predicted to produce greater conflict, active programmes such as I have outlined could stimulate and sustain the process of fundamental change. All the evidence indicates that this is what the overwhelming majority of South Africans seek. That indeed represents the real challenge.

Jan Steyn is executive chairman of the Urban Foundation, a private body concerned with fostering policy changes in South Africa.

Letters to the Editor

EEC grain levy

From Mr P. Brind

Sir,—I would like to compliment your Brussels correspondent, Tim Dickson, on his report on the EEC grain levy (November 21). As readers will be aware, a motion to revoke the levy was discussed in the House of Commons on November 5 and defeated.

It is essential that the unfair and discriminatory nature of the way in which the levy is currently collected be eliminated or, at least, mitigated before the 1987 harvest. Tim Dickson comments on the alternative of charging the levy directly to growers based on the area sown. This would be acceptable to the feed compounding industry but I would like to suggest another acceptable alternative.

This is the exclusion of all grain used in animal feed from the scope of the levy rather than just the proportion used directly by producers as at present. Such a charge would reduce the proportion of cereals subject to levy by some 30 per cent and to maintain the same income the levy would have to be increased from 3 per cent to 4.28 per cent of the intervention price.

Unless the basis of the levy is modified, compounders will significantly reduce the cereals used in their products, thereby further increasing the present surpluses.

P. J. Brind.
(General Manager—Secretary),
Preston Farmers,
Kinross,
New Hall Lane,
Preston.

Insider dealing

From Mr J. Butcher.

Sir,—There are two steps that the Stock Exchange could take to crack down on insider dealing.

Each client, and each individual authorised to place orders on behalf of a corporate etc. client, should be required to submit, and keep updated, to the brokers a list of all his connections i.e. family, friends, quoted companies about which he could have unpublished price sensitive information and other companies with which he is connected. Corporate etc. clients should do likewise.

When an individual buys or sells he should sign a standard order form confirming the deal to the broker and saying if it is for his own benefit, or for those whose benfit it is. The form should contain a statement by him that the deal was not undertaken in the knowledge of unpublished price sensitive information and that he has notified all his connections to the broker.

The Stock Exchange will need a large computer to hold cross-referenced data of all client connections provided to brokers in this way, to help check up on suspicious transactions e.g. before take-overs are announced. Yes—this would be costly. But the incalculable cost of allowing insider dealings to go unchecked is very much greater.

John V. C. Butcher,
18 Bramble Rise,
Cobham, Surrey.

Conflicts of interest

From Mr R. Henderson

Sir,—The Fabian Society's ideas (November 21) on conflicts of interest in the City are interesting, but prohibition of share ownership is a proposal based on the false analogy that "MPs and councillors must . . . abstain from voting on issues in which they are involved." Not so. Who decided that MPs should be paid? Who decided their National Insurance status? Who recently awarded themselves a link with the pay of others? Answers on a humbug, please.

R. S. Henderson,
20 Tamar House,
12 Tavistock Place, WC1.

BTR's bid for Pilkington

From Mr T Woosey

Sir,—I am writing to you to ask you to exercise any power and influence you have to stop the bid by BTR for Pilkington Brothers. Pilkington is a world leader in the manufacture and technology of glass and has been a good citizen in the town of St Helens for 160 years. It is a company I have been proud to serve for nearly 44 years.

A takeover of Pilkington does not, in my opinion, make any commercial sense. It has served its employees and the people of St. Helens exceptionally well. It has earned enormous sums of foreign currency from its export sales and licensing agreements, all of which is public knowledge. Its success has been achieved from a St Helens base with the help of St Helens people who have travelled the world building and starting up float glass manufacturing plants developed in St Helens. This success has been shared with its employees and particularly with the people of St Helens. who have a vast amount of goodwill and loyalty to the company.

Although I am an employee of Pilkington, I am a townsman of St Helens; a town which, if this deal goes through, will be reduced from a "tip" to a "muck heap." It must be saved from people who, I feel, only see cash registers and not people; people in this case being good, honest, hardworking and loyal northern people. It is in the interests of these people that I appeal to you.

Please see what can be done before a silly and bitter struggle ensues which, if BTR is successful, can benefit only a few.

T. G. Woosey.
23 Lawton Road,
Rainhill,
Prescot, Merseyside.

Unavoidably ignorant

From Mr L. Pilkington

Sir,—The Financial Services Act 1986 received Royal Assent on November 7. Section 195 (short-dated debentures) came into force immediately, and sections 177, 178, 180, 182, and most of 198-210 (investigations into insider dealing) were brought into force on November 15. Yet the text of the act is not yet available, and HMSO is out of stock of the only edition of the Bill which even approximates to the act.

Ignorance of the law is, of course, no excuse. What about unavailability of the law?

Leo Pilkington.
37c Albert Square, SW8.

Recruiting decline

From Mr H. Sturt

Sir,—Michael Dixon's November 19) article with extract from the MSL index of advertised jobs for executives remarks upon the current recruiting decline subject to the exception of accounting and finance specialists. Interestingly our record of our advertised recruiting assignments tracks the ups and downs of the MSL curve almost exactly.

What we have also found however is that our proportion of executive searches (i.e., recruiting assignments that have not been advertised) has just over doubled between the years October 1983-September 1984 and October 1985-September 1986. Since our advertised recruiting experience is a microcosm of that market it is at least possible that our search experience is similarly indicative of search recruitment volumes in that market.

If so, then we may take some comfort from a shortfall of advertised vacancies being offset by an increase in searches. Incidentally might it not be the case that the buoyancy of the accounting/finance recruiting merely indicates "churning" or an increase in the velocity of job change on the part of individuals rather than an enlargement of the proportion of those employed in that function?

Humphrey Sturt,
PA Personnel Services.
60a Knightsbridge, SW1

Unions and videos

From the Publicity Officer, National and Local Government Officers Association

Sir,—As a union that has done more than most in this country to use videos for campaigning, information and training purposes, Nalgo was pleased to see the Financial Times devoting so much space (November 21) to the meeting organised by video-maker Smith-Bundy for the labour movement. We must question, however, some of the arguments put forward and the conclusions drawn.

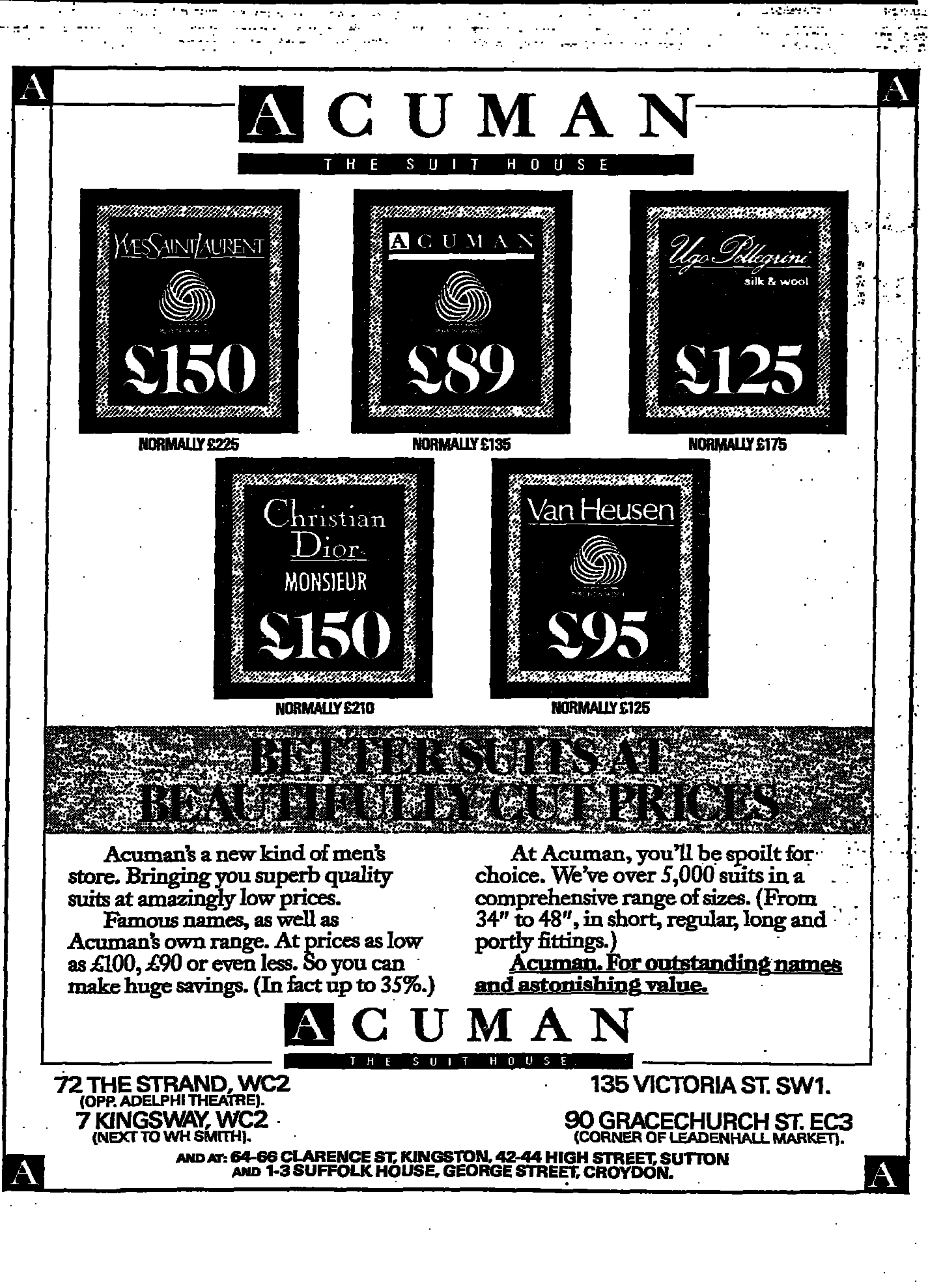
For example, Graham Allen argued that, in the political funds campaigns, by circumventing traditional union structures messages could be targeted at members at work. Apart from showing a certain disdain for traditional union structures, does that statement actually mean anything?

Similarly he quoted employers' use of videos to take their messages to the workforce, but no mention was made of how much easier it is for employers than for unions to gather the workers together for such purposes.

Throughout your correspondent's report — and, I suspect, the conference presentations — it is implied that UK unions are backward and unadventurous in their use of video for communication purposes. If only we had the courage to use video like US unions, which go more boldly for a wider public through TV! The unfortunate fact is, however, that it takes much more than courage. To start with, we would need different broadcasting laws and regulations.

Nalgo's experience with videos is that it is much easier to make them than to get them shown; and unless the problems of distribution and use can be solved, they will remain a costly means of communication and of limited value. At present Nalgo is concentrating on these problems of distribution and use. It was interesting to note that your report hardly mentioned them.

Chris Cossey.
1 Mabledon Place, WC1.



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FINANCIAL TIMES

Wednesday November 26 1986

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Dublin bill published to amend extradition legislation

By Hugh Carnegy in Dublin

THE Irish Government yesterday published a bill to bring its extradition laws in line with the European Convention on the Suppression of Terrorism, matching an undertaking it gave when the Anglo-Irish agreement was signed just over a year ago.

The main effect of the bill will be to stop defendants wanted for hijacking aircraft, attacking diplomats, kidnapping, hostage-taking or using explosives and firearms from claiming their offences were political.

Article One of the European Convention says these offences should not be regarded as political.

In the past, Irish republicans wanted for terrorist offences in Northern Ireland or Great Britain were able to avoid extradition by resorting to the political defence allowed under Ireland's constitution.

However, recent reinterpretations by the Irish Supreme Court of what constituted a legitimate political offence had effectively already closed the loophole and persuaded the Government it could accede to the European Convention without breeching the constitution.

Britain was keen that Ireland should embrace the convention, which was originally drawn up by the Council of Europe in 1977 and has since been accepted by most European countries, as part of the joint drive against the Irish Republican Army under the Anglo-Irish Agreement and to blunt unionist claims that the republic was a haven for terrorists.

Ireland signed the convention in February but the legislation published yesterday must be approved by Parliament before full ratification can take place.

The Fine Gael-Labour coalition is confident of having the bill passed by the Dail (lower house) by the end of the year. But there will be strong reservations within the opposition Fianna Fail Party which may argue the move is unconstitutional, despite the Supreme Court decisions.

Opponents also argue that Britain has not kept its side of the bargain in respect of changes in Northern Ireland.

Daewoo hit by US Lines' $156m unsecured debt

BY STEVEN BUTLER IN SEOUL

DAEWOO SHIPPING and Heavy Machinery of South Korea is girding itself for a severe financial squeeze after US Lines, the shipping company, filed under Chapter 11 of the US bankruptcy code.

US Lines owes Daewoo $156m in debt that is unsecured by bank or government guarantees. The debt stems from a $570m order of 12 container ships that Daewoo finished building for US Lines last year.

The ships were to revolutionise US Lines' container operation by providing a rapid around-the-world service. The move proved badly miscalculated, however, as shipping rates continued to be soft and low fuel prices increased competition from faster, less fuel-efficient ships.

A Daewoo spokesman denied yesterday that a Chapter 11 filling by US Lines would have any substantial impact on the business operation of Daewoo Shipping, or that it would face any significant difficulties in meeting its near-term or longer-term financial obligations.

Some creditors, while not expecting a severe crisis or a collapse of the company, are sceptical that this new burden can be handled entirely within the resources of Daewoo Shipping.

US Lines has laid off almost half its workforce after a bankruptcy filing which signals the end of an extraordinary gamble in the history of container shipping. **Page 21**

One banker said: "We are relying heavily on the integrity of the Daewoo group and the resolve of the Government."

Taewoo owes $113m to banks in connection with the ship orders, with the rest of the US Lines' debt carried on its own books. This breaks down to $80.3m owed to the Korea Development Bank, which is a major shareholder of Daewoo Shipbuilding, and $32.5m owed to a syndicate of banks organised by Citicorp in 1983.

Principal payments on the loan will not start until April 15 1988, as part of a restructuring of US Lines' debt that was agreed to earlier this year. Daewoo will none the less have to continue meeting interest payments without receiving payment from US Lines.

Daewoo envisages recovering funds from US Lines by repossessing and selling or leasing some of the 12 vessels. Seven US banks hold a first mortgage on the ships, worth $146m, which combined with Daewoo's second mortgage would total $302m.

There are doubts, however, over how quickly ships could be repossessed or whether they could raise adequate cash.

Ninety per cent of the loans to Daewoo are covered by insurance from the Korea Export and Import Bank, although bankers say that gaining access to these funds would be extremely time consuming.

Daewoo has already been battered by the decline in the world market for new ships, and last year lost $11m.

Orders this year have picked up sharply from the extremely depressed levels of last year. At the end of October, Daewoo had $297m of new orders on its books, compared with $121m for the corresponding period in 1985.

Daewoo says it has bookings to last to the end of 1988.

UN backs Argentine resolution calling for talks on Falklands

BY OUR UNITED NATIONS CORRESPONDENT

ARGENTINA yesterday won a resounding diplomatic victory in the continuing Falklands dispute when the UN General Assembly yesterday voted 116 to four, with 34 members abstaining, in favour of a resolution that called for the opening of negotiations with Britain on the future of the Islands.

It was the biggest total of affirmative votes on the question since it was first taken up at the UN in the wake of the 1982 war.

Only Belize, Oman and Sri Lanka joined Britain in opposing the resolution, which Sir John Thomson, the British delegate, said was one-sided because it endorsed the Argentine position to the detriment of Britain's stand.

"We are prepared to discuss everything but sovereignty," he said. Argentina refuses to discuss anything unless sovereignty is on the agenda."

Sir John told members of the UN that they faced two irreconcilable points of view that could not be wished away by voting for a resolution that supported one side and opposed the other.

His statement was interpreted as meaning that, despite the appeal by such a large number of UN members, Britain will continue to refuse to enter into negotiations as long as Argentina insists that its claim to sovereignty is the main issue.

The vote split the EEC, with France, Italy, Greece, the Netherlands, and Spain voting for the resolution, while Belgium, Denmark, West Germany, Ireland, Luxembourg, and Portugal abstained.

The US and Canada also voted in favour of the Argentine-backed resolution.

The debate was enlivened by charges by Mr Dante Caputo, the Argentine Foreign Minister, that Britain was guilty of "aggressive behaviour" in declaring a 150-mile fisheries conservation zone around the Falklands. Mr Caputo said Britain did not fish the area and he suggested that it was a move to provoke incidents that might be useful politically in a future British parliamentary election.

Sir John rejoined that the area was dangerously overfished and that Mr Caputo had attacked Britain only last year for not having paid enough attention to conservation.

The British delegate also accused Argentina of bringing the East-West struggle into the Falklands question by making fisheries agreements with the Soviet Union and Bulgaria.

Sounding out the streets of Paris for black gold

PARISIANS will be sleeping soundly again tonight after more than three months of having their slumbers disturbed by truck convoys.

The trucks have been rumbling down the boulevards and streets of the French capital from nine o'clock at night until six in the morning taking seismic soundings.

"Some people asked us if the machines were some sort of antiterrorist contraption," remarked an official of the Elf-Aquitaine oil group which has been responsible for the nightly procession of high-tech equipment.

The convoy has been conducting geophysical tests as part of a preliminary programme which could eventually lead to a full-scale search for oil beneath the city centre.

Paul Betts on the search for oil beneath the French capital.

The French authorities have granted Elf, in partnership with Total and BP, a five-year exploration permit. The current probe is, however, only the latest and most spectacular manifestation of a long-standing oil rush in the Paris area.

The Paris Basin has proved unexpectedly rich in hydrocarbon resources, albeit not on the scale of Texas or Saudi Arabia. Oil companies began exploring for oil in the region 35 years ago and have been producing from wells for 25 years. But it is only relatively recently that they have made large discoveries.

As a result, annual oil production from the Paris Basin (or "Dallas-sur-Brie" as it has been nicknamed, since the area is now as much an oil producer as a cheese manufacturer) is expected to increase to about 2m tonnes this year from 1.2m tonnes in 1985.

Even with oil at $15 a barrel or less these days, Paris Basin production is profitable because it is easy to extract, of good quality and cheaply transported to nearby refineries.

Drilling and producing in the city centre itself is, however, likely to pose a few headaches. The geophysical campaign now being completed at a cost of between FFr 35m and FFr 40m ($5.3m-$6.05m) had to be preceded by a year-long study to gauge the possible effect of vibration caused in the seismic tests.

"We had to make sure the tests would not cause damage to the Metro, the sewers, the gas pipes, to buildings. The ground directly under the city is quite complex" the Elf official said.

The company, which has a 50 per cent share of the Paris city oil permit, with Total owning 35 per cent and BP 15 per cent, divided the city into four segments to conduct the geophysical survey.

The seismographic convoy went across the city and then south along the Champs Elysées, to the astonishment of late-night cinema and cabaret-goers, before heading for the suburbs.

It will take at least a year to analyse all the tests, and additional geophysical surveys may have to be taken in some specific parts of the capital

Has the day arrived when the Eiffel Tower will be transformed into an oil derrick? Company officials say it is still too early to say whether oil will be produced in the city centre.

Even if the tests prove disappointing, the oil companies can console themselves with the knowledge that they financed the first detailed investigation of the ground under Paris since Victor Hugo wrote Les Miserables.

THE LEX COLUMN

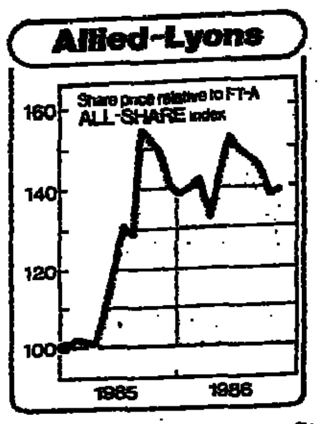
The Panel in the Strand

Sooner or later, the authority of the Takeover Panel was sure to be challenged in something more than a point of detail. Straightforward repudiation of the Takeover Code by some heavy-muscled interloper seemed the most likely test: would the City close ranks against somebody with the capital, and the effrontery, to call the Panel's bluff?

Though the call for judicial review of a Panel decision has in fact come from a US investment bank, in the shape of Pru-Bache, it is not a plain demand for the Panel to shut up shop. Indeed, Pru-Bache would claim that its main motive in going to the courts, apart from the protection of a seven-figure investment, was to stiffen the Panel in its regulatory resolve. With the threat of legal scrutiny at its back, the Panel is supposed to give up its alleged habit of a compromise verdict followed by a change of rules to catch the next horse that bolts. It will be little compensation to Pru-Bache if Norton Opax gains control of McCorquodale through a form of success-related underwriting which is subsequently controlled by the Code.

The Master of the Rolls is confronting an issue that was designed, in the mists of time, to be judge-proof. The basis of consent on which the Panel operates has given it extraordinary powers of a virtually judicial kind: tempting, therefore, for the judiciary to pull those powers into the shadow of the courts. Yet it is evident that the support which judicial review could give to the Panel might all-too easily come to resemble that supplied by a hangman's rope.

Allied Lyons



The Allied-Lyons share price is in a void. The bid premium has been well and truly squeezed out of the price, but it will be some time before the merits of the Hiram Walker acquisition can be fully assessed. Allied insisted yesterday that Hiram will enhance earnings per share from day one. This seems based on the assumption that Hiram will break out of its profits stagnation of the early 1980's. The market still seems unprepared to give Allied the benefit of the doubt, being more concerned about the Hiram problem of defending products with large share of a market in structural decline.

Interim pre-tax profits of £148m probably did not deserve the accompaniment of a 7p fall in the price to 312p. But Allied has not laid to rest the accusation that its profits growth in the UK beer business is largely the result of cost reduction, combined with market share purchased in the off-trade. If Allied makes about £325m pre-tax in the full year, then the shares are on a multiple of under 10. Scepticism has found its level.

IC Gas

The Imperial Continental Gas Association is clearly determined to squeeze every therm out of any goodwill that comes of some spurious association with the flotation of British Gas. In its defence document IC Gas calls itself "Britain's other gas company" and the front of the document looks even more like a British Gas report and accounts than the real thing.

In fact the defence document has something in common with a sales document: the break-up value of the businesses other than Calor is clearly stated, leaving little homework left for another bidder. The claim is that, after netting out the value of the Belgian investments and the oil assets, Gulf Resources's 530p-a-share bid values Calor at only £218m, or 9 times (very) historic earnings. A value of £400m seems much closer to the market price underbidding by about 130p a share.

As is revealed in tiny print on the final page of the document, an immediate sale of the Belgian interests – as intended by the Barclay Brothers – would incur a UK tax liability of about £120m. So this particular bidder may already be within £60m – or 42p a share – of the truth. Yet that is not an argument for selling in the market at the current price of 587p. A bidder with a sounder post-acquisition balance sheet could reduce the impact of tax liabilities by disposing of the stakes in Belgian utilities over a period of years.

For someone with a big ACT problem, the exclusively UK earnings stream in Calor must be a potent attraction. It might not be the first time that a raising finance house invested in energy.

BTR/Pilkington

One company has more than doubled your investment in the past year, the other has served up a disappointing 6 per cent increase in capital value and is bidding for the first. Joking apart, arguments about the long-term virtues of Pilkington and BTR should not hinge on such arbitrary matters as choice of statistical starting point. Few would dispute BTR's claim in yesterday's document that it was a vastly superior investment over the past decade; but it is hard to maintain that the future ownership and management of Pilkington, a company whose main market is on the turn, should be settled in this backward looking way. And BTR will surely have to do better than the when-did-you-stop-caning-your-shareholders approach of its five questions about Pilkington's strategy. Sample: "Why did Pilkington react so slowly . . ."

Poindexter resigns

Continued from Page 1

committee who has been sharply critical of the Iran policy, said: "It is a new ball game." He felt that the White House was now more willing to work with Congress.

But Mr Jim Wright, expected to be the new speaker of the House of Representatives and one of the two leading Democratic Party spokesman on Capitol Hill, said: "Even a President must respect and obey the law. (He) should have been aware of what was going on."

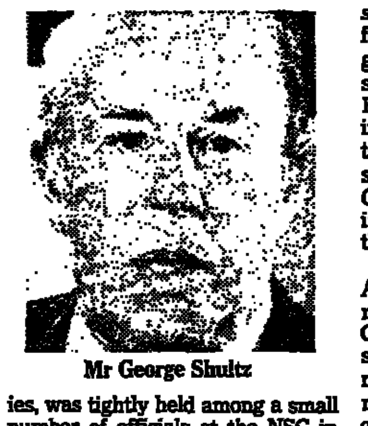
President Reagan left the White House yesterday without answering shouted questions from reporters about whether there would be further resignations in his Administration.

But Mr Meese said that Mr George Shultz, US Secretary of State, who vigorously opposed the arms sales to Iran, would remain in his job. "I know of no other resignation either contemplated or requested," he said.

Mr Meese conceded that the US did not know full details of the Iran-Nicaragua link. "We do not know all the facts about non-US officials (involvement in the transactions)."

Congressional leaders, who were briefed last Friday by Mr William Casey, director of the CIA, professed astonishment that Mr Casey appeared unable to answer questions about certain aspects of the arms sales to Iran.

Administration officials have acknowledged that the operation co-ordinating the shipments to Tehran, which included more than 2,000 Tow anti-tank missiles and spare parts for Hawk anti-aircraft batter-


Mr George Shultz

ies, was tightly held among a small number of officials at the NSC in the White House. The joint chiefs of staff were not informed, nor were senior State Department officials.

Mr Meese said the US became aware of the Contra funding partly through intercepting messages. He did not elaborate.

Lt Col North has been at the centre of a private-aid network aimed at raising funds for Contra rebels in Nicaragua. Congress banned direct military aid in 1984 following the disclosure that the CIA had directed the mining of Nicaragua's harbours.

Congressional aides on Capitol Hill, co-ordinating a number of investigations into the Iran affair, have noted that Lt Col North and at least one former US military man, Mr Richard Secord, figured in both the Iran and the Nicaraguan operation. Mr Secord accompanied Mr McFarlane and Lt Col North on a secret mission to Iran aboard an arms-laden cargo aircraft last May.

Overture to Iran

Continued from Page 1

several Congressional committees, for the question of notifying Congress is one of the most controversial aspects of the affair. President Reagan, advised by his long-standing friend Mr Edwin Meese, US Attorney General, was given to understand that he could avoid informing Congress of the arms sales in the interests of national security and the safety of the hostages.

Under several laws, notably the Arms Export Control Act, the Administration is required to notify Congress of any exports of "substantive items of military equipment... that might enhance the military potential of the receiving country."

President Reagan, in a faltering televised press conference last week, repeated that the arms sold to Iran were defensive, minuscule in number and could be fitted into a single cargo aircraft, but Mr William Casey, director of the Central Intelligence Agency (CIA) has told Congress that more than 2,000 TOW anti-tank missiles went to Iran as well as spare parts for Hawk anti-aircraft batteries, in an arms package worth at least $12m.

Mr Regan has also admitted that the US "condoned" an important shipment made just before the release of Rev Benjamin Weir, an American hostage in September 1985. Senior administration officials have said they did so only after the fact, but Critics on Capitol Hill argue that this is, at best, unconvincing.

Under the 1980 Intelligence Oversight Act (section 501a), prior notification to at least the eight most senior members of Congress on "significant anticipated intelligence" is required. Mr Reagan's defence rests on section 501b, which allows for notification on a timely basis, but only if prior notice proves impractical – for instance during an early morning crisis. One expert said Congress envisages a delay of perhaps 11 hours and not, as in the Iranian affair, of 11 months.

The CIA is also supposed to keep Congress informed of covert intelligence actions following a memorandum of understanding signed by Mr Casey in 1984 after the CIA secretly mined harbours in Nicaragua. Mr Reagan personally relieved Mr Casey of that obligation in January 1986.

The role of the National Security Council in the affair has antagonised both Congress and senior officials such as Mr Shultz. This reflects in part the long-standing battle in the Reagan Administration and in other presidencies over the control of foreign policy.

From Congress's viewpoint, the staff at the NSC have engaged in freewheeling undercover operations without sufficient control by either the executive or the legislature. Congressmen are likely to focus not just on the Iranian affair but also on the NSC role in covert aid to Contra rebels in Nicaragua, particularly since key figures such as Lt Col Oliver North crop up in both cases.

But those who draw analogies with Watergate are probably going too far.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	18	64	Dubrovnik	S	18	64	Malta	—	—	—	Rhodes	S	19	66
Algiers	F	18	64	Edinburgh	R	12	54	Manchester	C	14	57	Rio de J'o	S	31	87
Amsterdam	C	13	55	Faro	S	19	66	Manila	S	34	93	Rome	S	19	66
Athens	F	19	66	Florence	S	17	63	Melbourne	S	27	81	Salzburg	S	8	46
Bahrain	S	21	70	Frankfurt	C	10	50	Mexico City	—	—	—	San Francisco	C	8	46
Bangkok	S	29	84	Funchal	C	17	63	Miami	C	28	82	Seoul	F	2	36
Barcelona	—	—	—	Geneva	S	8	46	Milan	S	11	52	Singapore	F	31	88
Beirut	S	21	70	Gibraltar	S	17	63	Montreal	C	-1	30	Stockholm	D	7	45
Belfast	F	11	52	Glasgow	R	11	52	Moscow	S	-3	27	Strasbourg	F	12	54
Belgrade	F	9	48	Guernsey	R	12	54	Munich	S	11	52	Sydney	S	22	72
Berlin	C	12	54	Helsinki	C	5	41	Nairobi	F	24	75	Taipei	C	19	66
Biarritz	S	15	59	H. Kong	C	20	68	Naples	F	19	66	Tangier	S	19	66
Bombay	S	32	90	Innsbruck	S	5	41	Nassau	S	30	86	Tel Aviv	S	21	70
Bordeaux	C	11	52	Inverness	R	11	52	New Delhi	C	24	75	Tenerife	C	20	68
Brussels	C	12	54	Islamabad	C	17	63	New York	F	4	39	Tokyo	S	16	61
Budapest	S	9	48	Istanbul	F	14	57	Nice	S	17	63	Toronto	C	-1	30
B. Aires	R	22	71	Jakarta	R	31	88	Nicosia	F	19	66	Tunis	C	17	63
Cairo	S	23	73	Jersey	C	13	55	Oporto	S	13	55	Valencia	—	—	—
Cape Town	F	22	72	Jo'burg	F	26	79	Oslo	F	8	46	Venice	S	12	54
Caracas	C	26	79	Lima	C	21	70	Paris	C	11	52	Vienna	S	8	46
Casablanca	S	20	68	Lisbon	S	13	55	Peking	F	2	36	Warsaw	C	9	48
Chicago	F	-1	30	London	D	13	55	Prague	F	10	50	Washington	F	1	34
Cologne	C	13	55	Los Angeles	F	11	52	Reykjavik	F	2	36	Zurich	S	8	46
Copenhagen	D	11	52	Luxembourg	C	9	48								
Corfu	S	21	70	Madrid	F	15	59								
Dallas	—	—	—	Majorca	—	—	—								
Dublin	C	11	52	Malaga	—	—	—								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

French steelworkers

Continued from Page 1

in capacity implied in the recent proposals put forward by Eurofer, the European integrated steel producers' association.

Eurofer offered further cutbacks in capacity as an alternative to the EEC Commission's proposals of a rapid phasing out of quotas.

Mr Mer's appointment marks the first time that the two state steel companies have been brought under single management control. He was given a brief of eliminating losses as rapidly as possible.

The two companies are expected to make a further combined loss of FFr 4bn ($605m) this year after combined losses of FFr 38bn in the five years to 1985.

The fresh cuts in the workforce are likely to be spread across a large number of sites rather than being concentrated in Lorraine, in eastern France, which has born the brunt of job losses until now. Steel production in Lorraine involves higher costs because of the low quality of local ore.

The French steel industry has lagged behind many of its European competitors in restructuring in part because of the Socialists' belief in 1981 that it was possible to expand production.

Subsequently France has agreed to cut capacity by more than 6m tonnes to around 21m tonnes. French production of crude steel is expected to be between 17m and 18m tonnes this year.

Iraq steps up Gulf War

Continued from Page 1

tack which damaged accommodation quarters and an oil production platform.

But the number of casualties could prove to be as many as 50, according to reports from Abu Dhabi.

Western analysts said last night that Iraqi aircraft were almost certainly responsible and, if so, that the intended target would have been Iranian production platform just across the median line operating the Sassan field – which extracts oil from the same structure as CFP's Abu al Bakhoosh field. Iran uses such installations to mount attacks on Arab oil shipping.

THE BOARDROOM

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At last—an apt answer to the hobby problem

BY MICHAEL DIXON

HOW CAN job-applicants best respond when they are quizzed about their interests outside work?

I first raised that topic three weeks ago because of headhunter John Courtis's research into what makes employers instantly scrap applications from would-be recruits——so destroying, of course, any hope of their talking their way into the job at the interview stage.

His findings show that one of the surest triggers of employers' waste-binning reflexes is applicants' leisure-time pursuits. The chances are that for every recruiter who approves of any particular out-of-hours activity, dozens will be antagonised by it.

Mr Courtis concludes that applicants are wisest to say nothing about such pursuits. But when information on them is demanded by employers' application forms, the job-seeker is on a hiding to nothing. Just ignoring the request for details of leisure activities is likely to be even more damaging than listing some. So I appealed to readers for ways of answering which would overcome the dilemma.

Although 17 of you have kindly responded, I am sad to say that almost all the suggestions suffered from disqualifying flaws. The reason is probably that we are now at a late stage of a tiring year. Consequently, while I will quote an example of the flawed suggestions, it seems fairest not to name the man who produced it.

What does he think applicants should answer when asked to state their main out-of-hours activities?

"Minding my own business."

His proposal certainly has its merits. It is fairly short, for instance, and a good many employers would no doubt find it subtle. But since the only sensible object of the exercise is to win an interview, I cannot help feeling his answer lacks diplomatic finesse.

Fortunately one of the 17 has produced a formula which does seem to fill the bill. She is Angela Mackworth-Young, personnel manager, of the Economist. The apt reply to "What are your interests other than work?" she says, is "Healthy and normal."

Kuwait

LEISURE interests are not always voluntary of course. Witness one activity, fortunately unusual these days, which is sometimes forced on many people currently working in Kuwait.

It is listening, when the tumult of the workplace dies and all else is still, to the sound of a distant war.

"Although the Iran-Iraq fighting is a long way away, the air is clear enough for the crumps and whistles to invade the ear occasionally. People doing jobs there don't seem to be worried by it personally, but it seems to be making expatriates unhappy about having their families with them," says headhunter Dudley Edmunds, who happens to be seeking a senior money-market dealer to work in Safat with a big Kuwaiti-owned bank.

He may not say which bank it is. So—as is always the case when recruiters mentioned in this column do not disclose their client's identity—he promises to abide by any applicant's request not to be named to the employer at this stage.

The plan is that the recruit will be number two to the chief money-markets dealer, who is British and took up the job towards a year ago after working mainly in London. While the newcomer's main responsibility will be for the US dollar operations, experience with Deutsche marks, Swiss francs and sterling deposits is wanted too. So is familiarity with off-balance-sheet devices such as swaps, as part of a successful all-round money market background.

Salary will probably be in the US$50,000-70,000 range, tax-free, plus bonus on results. Usual expatriate perks include allowance to cover housing for single person or for family provided that they are not made nervous by bangs which, although not big, are undeniably real.

Inquiries to Mr Edmunds at the Roser Parker Organisation, 65, London Wall, London EC2M 5TV; telephone 01-588 2580.

Fund chief

ANOTHER recruitment consultancy specialising in the finance sector — Trevor James City, which is part of the International Personnel Selection group — seeks a manager to work in London as head of the European fund operation of an investment house.

Candidates should have equipped themselves to take charge of a £100m European portfolio by gaining at least three years experience in a similar capacity, and also have a sound understanding of world-wide markets and research activity.

Money earnings up to £55,000, with car among other benefits.

Inquiries to Frances Wright, 8 Lloyds Avenue, London EC2N 3ES; tel 01-481 8111.

On the move

YORKSHIRE is the base of the unidentified management consultancy which, having built up a £1m-plus fee income in its first four years, has asked headhunter Bernard Baboulène to find it an additional director of operations.

"But whoever gets the job will hardly ever see the head office," he says. "There'll be continual travel between the assignments on hand which tend to be scattered all over the United Kingdom. What's more, it is not a job that would suit someone who thinks of management as something divisible into specialist functions, such as production, marketing and the rest. This consultancy treats management as an integrated activity, with every one of its aspects crucially affecting all of the others."

Candidates should therefore be truly general managers, if not already senior consultants of the company doctor kind, with well developed commercial as well as organisational abilities.

Working in parallel with a colleague operations director, the newcomer will be in charge of a set of assignments which typically take about 20 weeks apiece and produce fees of around £100,000.

"In each case the task is to absorb the report on the survey which precedes each assignment, start the job off, take responsibility for the work and for client satisfaction, and ensure that profitability improvements beyond the initial brief are sold and exploited," Mr Baboulène adds.

Given the need to spend so much time away from home—for which a tax-free allowance of £50 daily plus car mileage is paid—it does not really matter where the new director lives. The salary indicator is £25,000 with a profit share once the recruit has proved up to the demands of the job. Other benefits are for negotiation.

Inquiries to the headhunter at BLB Consultants, 10, Richmond Avenue, London SW20 8LA; tel 01-542 8878 or 01-540 5534.

Searchers

LASTLY today comes further evidence that, despite the apparent fall in advertised demand for managers and key specialists in the UK, the stealthier method of recruiting by executive search is on the increase. Bill Newton-Clare of the newly revamped Eurosurvey search consultancy in London is seeking an unspecified number of people with senior experience in business and preferably success as a headhunter to boot.

Originally founded in Paris 27 years ago, Eurosurvey has lately been bought back from its continental parent concern. But it retains links with former associated offices in Amsterdam, Wiesbaden and Brussels.

Salary indicator for the incoming consultants is up to £40,000, plus results-based bonus and share options.

Inquiries to Mr Newton-Clare at 43-44, Albemarle St, London W1X 3FE; tel 01-491 1074, telex 265932.

Documentation

Capital Markets

c£20,000 + benefits + bonus

The merchant bank subsidiary of a leading international banking group with an expanding presence in the euro-securities markets wishes to expand its execution/documentation team. Working in a small but highly professional team, you will be involved in all aspects of completing deals in the bond, note and swaps markets.

Aged 25-30, you should have some experience in this area, gained within a comparable institution or a leading firm of City solicitors. In addition you should be ambitious and keen to take advantage of the promotional opportunities being offered.

Contact Lindsay Sugden or Mark Hartshorne on 01-404 5751 or write to them at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Michael Page City
International Recruitment Consultants
London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

BADENOCH & CLARK

INVESTMENT MANAGEMENT

Minster Trust is a leading City issuing house specialising in investment management, corporate finance and venture capital.

Further development within the Company necessitates the recruitment of an equity specialist to manage unit trust portfolios and pension funds. Interested applicants, aged 25-35, will have existing portfolio management experience and will be ambitious to develop a career further within a small and dynamic company. An ability to market the firm and develop new business would be an added advantage.

Remuneration will include a highly-competitive salary, a car and a non-contributory pension scheme.

If you would like to discuss this position further, in strictest confidence, please contact **Christopher Lawless**, as Consultant to the Company.

Financial Recruitment Specialists
16-18 New Bridge St, London EC4V 6AU
Telephone 01-583 0073

BADENOCH & CLARK

CORPORATE FINANCE EXECUTIVES

From £20,000 + Substantial Benefits

A number of the City's most successful International Banking and Securities Institutions, for whom we are acting, are looking to expand and develop their Corporate Finance advisory departments.

Applicants should be young recently qualified Chartered Accountants with good degrees (minimum upper second) and excellent professional examination records.

They should, ideally, have gained experience of corporate finance transactions in related investigations assignments within the profession, and have a keen awareness of City activity.

Additionally they should have the personality and enthusiasm to succeed in a highly competitive and professional environment.

For further details, please contact **Tim Clarke** ACA or **Robert Digby** (who can be reached outside office hours on 01-870 1896).

Financial Recruitment Specialists
16-18 New Bridge St, London EC4V 6AU
Telephone 01-583 0073

Financial Institution

Head of Personnel

The City 35/45

We seek an experienced Personnel Professional to head up the Personnel and some Administrative functions of our Client, an Investment Management and Allied Services organisation currently employing some two hundred people. The job will report to the Managing Director and takes in all aspects of management development, recruitment, remuneration, training, premises etc. There is a small support team.

Our Client seeks a man or women with relevant experience from a similar organisation or from a major professional practice, a merchant bank, an insurance company or broker or similar organisation.

Our Client places particularly high emphasis on communication powers, integrity and leadership qualities. In addition to a generous salary, which is negotiable, there is a profit sharing element, a company car and the kind of benefits associated with merchant banking practice.

Please write in the first instance with full details, including salary expectation, to Colin Barry, Senior Partner, at Overton Shirley and Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 01-248 0355.

Overton Shirley & Barry
INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

The following Accountancy Appointments will be appearing Tomorrow:

Equity Tax Partner

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Deputy Treasurer

Financial Accountant

Group Accountant

Head of Airline Finance Section

Finance Director

... and many more!

The globalisation of the financial markets offers scope, challenge and prospects for those with leading qualities. A number of our U.K. and international Stockbroking and Investment Banking clients wish to complement existing or develop new areas.

EQUITY RESEARCH
£12,000 to £60,000

Analysts aged 23 to 40 with U.K. or international equity experience to join a specialist research team...cover a range of sectors or markets... become involved in fund management.

PRIVATE CLIENTS
£12,000 to £40,000

Executives aged 24 to 40, with U.K. or international private client experience to join expanding portfolio management teams or trustee departments...become involved in marketing...set up regional offices.

For an initial talk in confidence please contact James Younger at 20 Cousin Lane, London EC4R 3TE. 01-236 7307.

STEPHENS ASSOCIATES
SEARCH & SELECTION IN SECURITIES & INVESTMENTS

Senior F. X. Dealer

to £50,000

One of the leading U.K. investment banking groups wishes to recruit a senior F.X. dealer.

Applicants, who are likely to be working for a major bank, should be in their mid to late twenties and have a minimum of three years' experience trading one of the major currencies.

For the exceptional candidate our client will negotiate a very competitive remuneration package.

Those interested should contact John Green on 01-404 5751 in strictest confidence or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH, quoting reference 3705.

Michael Page City
International Recruitment Consultants–London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

PORTMAN
BANKING

EUROPEAN BANKING

£18,000 neg

This leading Merchant Bank is currently expanding its European department and requires graduates with one to three years' Banking experience.

You should be fluent in one of the major European languages and have a particular expertise in Credit Analysis together with a proven track record on client accounts. Candidates must be able to demonstrate a flair for new business while maintaining new product development on existing portfolios. Some foreign travel will be necessary.

For further information call
Mike Blundell Jones
or send c.v. in confidence to
13/14 Great Saint Thomas Apostle
London EC4V 2BB

Portman Recruitment Services Limited
Tel: 01-236 1113

FOR YOU, AN MBA WAS A MAJOR ACHIEVEMENT.

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As an MBA you will already have been exposed to a range of complex business problems and have shown a natural flair in structuring workable solutions. In addition, you have finely developed communication, team leadership and interpersonal skills and feel you are now ready to exploit these qualities to the full.

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Salary is negotiable at around the £30,000 level and a company car is provided. Please telephone 01-353 8011 for an application form, or write (in strict confidence) to: Michael Hurton, (Ref 2706), Touche Ross & Co., Hill House, 1 Little New Street, London EC4A 3TR.

Touche Ross
Management Consultants

Independent Pension Fund

Investment Manager

Economic Background London

Our Client, a large-scale independent Pension Fund, seek an investment professional ideally in his/her mid 30's to head up their investment team. Skills in the area of asset allocation and modern portfolio management are key. *The majority of the Fund's U.K. and overseas equities* are managed on a passive basis and the Fund uses primarily asset allocation to attain superior performance.

The person appointed is therefore likely to come from a background which combines research and economics, and is likely to be currently working for an Insurance Company or another Independent Pension Fund. He/she will have a first and possibly second degree in an Economics related subject or will alternatively be an MBA and should possess the management skills necessary to run a small but highly professional department.

A salary of around £40,000 + car is envisaged. The job is based in *Central London*. Please reply in the first instance to Keith Fisher, Partner, quoting ref. 780, at Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 01-248 0355.

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JUNIOR DEALER

The successful applicant may equally be a young, ambitious blue-button eligible for authorisation, or an experienced mature Member/Dealer looking for a relatively low-pressure position post-Big Bang

Reply with CV in strictest confidence to Box A0343 Financial Times, 10 Cannon St London EC4P 4BY

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Qualities developed as an Officer could help you succeed in a new career with a large national company. We seek people with drive, determination and, above all, professionalism.

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The Merchant Banking Group is a leading name among the Accepting Houses and has major international operations. It is being reshaped to become an investment bank, focusing on carefully selected niches in world markets.

As Assistant to a Group Managing Director you would carry through projects which would contribute to the global strategy and management of the Group. In doing this you would be working with the central top management. There is a high degree of delegation and scope for creative thinking. The role provides an excellent opportunity for accelerated progression with the individual having a considerable say in the next career step.

You need to have a first class honours degree, be in your late 20's and have had some years' experience in merchant banking, a high class professional firm or in Government Service. Attractive conditions of service include a high base salary, bonus, mortgage assistance, non-contributory pension, motor car and other banking benefits.

Please write to me, Terence Hart Dyke, Consultant to the Bank.

Business Development Consultants (International) Ltd.,
63 Mansell Street, London E1 8AN.

BDC

SENIOR RECRUITMENT CONSULTANT

CAPITAL MARKETS — LONDON

Over the past five years Anderson, Squires has been one of the fastest growing companies in the field of financial recruitment. We are now embarking on a period of further expansion both in London and overseas, and wish to recruit three additional Consultants who will join our established team in providing a recruitment service fully responsive to the evolving needs of our investment banking clients.

Typically, the make-up of a Consultant suited to our company is as follows:-

- Graduate, aged 25-35;
- Experience of recruiting for banks and securities houses — or, relevant experience at responsible level gained within a bank or financial services company;
- A genuine interest in people, as well as in current developments in international finance;
- A highly developed sense of responsibility and commercialism;
- Team spirit, a creative mind and leadership qualities.

Furthermore, fluency in a European language may qualify you for a position within our International Division which deals with assignments in Western Europe and major world money centres.

If you feel that you possess these attributes, we look forward to hearing *from you — you may well be the* Consultant we are looking for.

The rewards and conditions we offer are those you would expect of a market leader in our sector.

Please telephone Leslie Squires or Ken Anderson on 01-606 1706; alternatively, telephone Ken Anderson on 01-858 1375 (evenings/weekend). Your approach will be treated in the strictest confidence.

Anderson, Squires Ltd., Bank Recruitment Specialists, 127 Cheapside, London EC2V 6BU.

Anderson, Squires

InterMatrix Group

Investment Analysis/Research with a Difference

You have corporate strategy/business development experience, international (esp. European) exposure, skills in company/investment analysis, ability to manage and motivate multi-disciplinary and multinational teams.

We offer a unique opportunity in a small international consultancy to build and exploit a state of the art research service for institutional and corporate clients.

Earnings will depend on results—functions of ambition and hard work.

Please write with full CV to:
Richard van den Bergh
InterMatrix Limited
4 Cromwell Place, London SW7 2JJ

NATIONAL INVESTMENT GROUP PLC

Private client executives/teams

Outstanding opportunity

The National Investment Group PLC, formed by the *amalgamation of seven leading regional stockbroking* firms, is a major force in agency broking and financial services. It has the largest network of stockbroking offices *of any corporate member of The Stock Exchange and* is linking these by a sophisticated computer and information network.

Independent, but backed by substantial institutional finance and currently servicing a very large number of private clients, it plans a dynamic expansion of its stockbroking and financial services during 1987. Outstanding opportunities are available within the Group where the emphasis is on first class client service coupled with an innovative approach towards developing new investment opportunities.

We are looking for energetic and successful private client executives and investment managers throughout the U.K. to join us in developing our business. If you have a proven track record, are highly motivated and wish to be part of a far sighted and innovative company which *sees continued growth in private client business* we would be pleased to hear from you.

We are also interested in established and successful teams of people who are impatient to develop their business and would value the backing of a national company with strong central resources.

Please telephone or write in confidence to
ROBIN WOODHEAD, Chief Executive,
National Investment Group PLC, 33 Throgmorton Street, London EC2N 2BR. (Tel: 01-606 1771).

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Dealing responsibilities and real prospects of promotion to Fund Manager with a major institution

This is an opportunity for a young investment analyst to acquire early responsibility as the assistant to the European equities fund manager in a modern and competitive organisation. In addition to market analysis, you will also deal in European equities as part of a small and flexible team.

Operating in a number of major European equity markets, the position offers unusual scope for personal initiative, participation in decision making and rapid advancement.

The company's commitment to keeping up with the pace of change is demonstrated by a move into a number of new European markets during the last twelve months and the installation of a sophisticated dealing room.

You should have at least one year's experience in investment analysis, preferably in European equities and ideally have a degree or professional qualification. You should be aged 22-30.

There is an attractive compensation package. **Candidates should write with CV to John Sears and Associates, Cavendish Court, 11-15 Wigmore Street, London W1H 9LB or telephone 01-629 3532.**

John Sears and Associates

A MEMBER OF THE SMCL GROUP

NEW ISSUES CO-ORDINATOR

Credit Suisse First Boston Limited is one of the leading international investment banks in the Euro-capital markets. The Bank has achieved a prestigious position in the lead-management of new issues and due to continuing expansion, we seek a New Issues Co-Ordinator.

In this new role, the individual will be responsible for forming and running a small group within the Bank's Capital Markets Department in London. The task of the group will be to oversee the execution of new issues and to ensure that all the necessary procedural steps are taken in time and in a professional way, consistent with the Bank's recognised high standards.

The successful candidate will possess organisational skills and the ability to manage and motivate those within the group. An eye to detail is essential. A legal or banking background (for example, loans administration) would be beneficial but not essential.

We offer a competitive remuneration package, including a subsidised mortgage, a non-contributory pension scheme, free life assurance, BUPA membership and a free season ticket.

Please send CV's to Angela Callan, Personnel Department, Credit Suisse First Boston Limited, 22 Bishopsgate, London EC2N 4BQ.

CSFB

DEALER - INVESTMENT DEPARTMENT

The Save & Prosper Group are firmly established as one of the leading Financial Services Groups in the UK with over £3.0bn under management. Our continuing success has created the need for an experienced person to join our all important dealing section within our investment department.

As a member of this team you will be responsible for liaising with stockmarket dealers, executions of transactions in all the world's stockmarkets and supporting the *investment managers*. Our dealers are expected to exercise their discretion in the execution of transactions where this is appropriate.

This is a senior position and the successful candidate will have had *suitable* experience of either working in the dealing department of a stockbroker or a similar position with another investment institution.

If you are interested in this position please write in the first instance to Mr. K. Nicholson, Personnel Department, Save & Prosper Group Ltd., Hexagon House, 28 Western Road, Romford, RM1 3LB. Tel: (0708) 66966.

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TRADED OPTIONS

Sales Executives

Leading Blue Chip Merchant Bank with confident future post Big Bang seeks two sales executives to join the stock-broking arm.

Working on the Traded Options desk applicants must have at least one year's experience in sales of either equities or gilts and demonstrate real selling powers.

Starting salary to £25,000 together with full range of banking benefits including subsidised mortgage scheme.

For further details please call Sara Bonsey.

18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224

CAPITAL FUTURES RECRUITMENT CONSULTANTS

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Authority Investments PLC seeks to recruit a Corporate Finance Executive, aged 25 to 35, to assist with research, investigation, appraisal, organisation and management of acquisitions and investment situations for both Authority and its clients.

This is a ground floor appointment with excellent prospects. Successful candidates are most likely to have professional skills, an innovative mind with relevant corporate finance experience in a substantial commercial group in the City. First class remuneration package including car, share options, BUPA etc.

Please reply in confidence to:—
D. G. Innes, Managing Director
AUTHORITY INVESTMENTS PLC
173-176 Sloane Street, London SW1X 9QG

W·C·L·K

Gilt-Edged Inter-Dealer Broker

We are seeking to expand our broking force and require a number of young brokers. Applicants should be personable, numerate and able to work under pressure in a rewarding environment. Experience in broking financial instruments is essential.

Please contact:
Miss Amanda Reeve
Williams, Cooke, Lott & Kissack Ltd.
30 Cornhill, LONDON EC3V 3ND
01-623 0024

Careers in Financial Futures

Dealer—Financial Futures c£25,000 basic
The Foreign Exchange Department of a major UK Bank seeks a competent young dealer with a minimum of two years exposure to both Futures and the underlying cash markets.

Broker—Financial Futures & Options to £18,000 basic
Substantial UK Financial Institution requires an additional Institutional Broker for its active dealing room. The ability to advise clients on all technical aspects of trading, arbitraging and hedging activities is a pre-requisite.

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An expanding European Bank is recruiting an additional dealer to specialise in IR Options. This position offers good opportunities for career development to ambitious young candidates with previous experience of running an Options book.

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A well respected European Bank is actively seeking a young Silver Badge with two years experience as a Trader on LIFFE. A successful track record as a Jobber combined with good order filling abilities are essential.

For further information please contact **Trish Collins** on **01-481 3188**

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Jonathan Wren
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SOFTWARE CONSULTANT
Futures and Options Systems
From £20,000

Our client, an expanding international software company that has successfully established itself in the London financial markets is now extending its consulting team to consolidate its position and develop its European activities.

Applicants should have practical experience of back office settlements procedures and of systems applications, and must possess strong communicative and interpersonal qualities.

Applicants with appropriate backgrounds are invited to forward a detailed career summary or to **contact Michael Hutchings.**

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266

Personnel Manager
Major International Stockbroker
Compensation–Negotiable

Our client, a successful and expanding major international stockbroker, wishes to strengthen the Personnel function, which is recognised as a key contributor to the continuing success of the organisation.

You will be over 30 and you must have at least 5 years personnel generalist experience in a City financial institution. (Recruitment, salary administration, appraisal and training, manpower planning and employment legislation).

It is essential that you can display strong leadership skills, imagination and enthusiasm.

Compensation package will be negotiable but is unlikely to be a barrier to recruiting the right person.

Please write in strictest confidence, enclosing under separate cover the names of any organisations to which your details should not be forwarded, to;

K. W. Causton, (Ref. PM/26), Kenneth Causton & Associates, 152 Fleet Street, London EC4A 2DH.

Kenneth Causton & Associates
RECRUITMENT ADVERTISING

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A golden opportunity to play a key role in investment banking operations

around £25,000 + car **London**

Samuel Montagu, Group Treasury and Investment activities of Midland Bank have been brought together to form the new investment banking sector of the Midland Bank Group.

As a major player in the treasury and capital markets we are offering particularly challenging opportunities for two ambitious young men or women with a strong interest in business analysis and operations research.

The efficiency and productivity of operations and transaction processing is critical to our future success, and this will provide you with challenging and stimulating terms of reference. A variety of techniques will be available to you, including overhead value and workflow analysis. Close working contacts with senior operational and management staff to ensure project implementation will, of course, be a vital feature of the role.

Ideally you will have experience in an operational environment, perhaps with an accountancy qualification. Equally important, however, we are looking for an exacting blend of personal qualities—enthusiasm, perception, capacity for leadership and the ability to influence senior management.

In addition to a highly competitive salary and benefits package, the experience that you will gain will be invaluable to you in developing a career with us in Investment or Merchant Banking.

Please write with full personal and career details to:

Andrew Menhennet, Personnel Officer,
Samuel Montagu & Co Limited,
114 Old Broad Street, London EC2P 2HY.

SAMUEL MONTAGU **Midland Bank plc**

COMMERCIAL PROPERTY LENDERS

Experienced lenders with a proven record of success in dealing with all types of commercial, residential and industrial property, both existing and to be developed, are invited to participate in the creation of a new property lending service.

Apart from professional competence of the highest order, the successful applicants will need to demonstrate their ability to function as members of a small, friendly, non-bureaucratic team dedicated to providing a first-class standard of service to brokers, borrowers and professional advisers.

The following appointments are to be made:

DIRECTOR

To assist in the setting up of the service and the growth of the loan portfolio.

SENIOR AND ASSISTANT LOANS OFFICERS

the former to work with the Directors but with considerable discretion in their own right, and the latter being capable of sound underwriting and subsequent vigilant administration.

These challenging rôles will carry a very competitive remuneration package coupled with the opportunity to take part in the establishment of a new service with exciting growth potential.

It is intended that the operation should function from a mid-Sussex location but applicants may be required to work in London for a short initial period.

Applications in writing, to include a comprehensive curriculum vitae, should be addressed to Mr Peter Gordon F.I.B., Box A0334, Financial Times, 10 Cannon Street, London EC4P 4BY. The strictest confidence will be observed.

Canadian Imperial Bank of Commerce

CIBC NEW ZEALAND LIMITED
A wholly owned subsidiary of Canadian Imperial Bank of Commerce
HEAD OF TREASURY

CIBC New Zealand Limited, which will commence operations in early 1987, is seeking a Head of Treasury to be based in Auckland, New Zealand.

The successful candidate will form part of the executive management team and will be responsible for developing and managing the treasury operations. Responsibilities will cover foreign exchange, domestic money market, fixed interest and swaps.

Candidates should have a foreign exchange background and general Treasury management experience.

The appointee will be expected to demonstrate high levels of interpersonal skill, the capacity to manage and motivate professional staff and a strong level of commitment to the profit oriented objectives of the Company.

Initially, the successful candidate will be appointed on an expatriate basis. An attractive salary and benefits package together with a performance related bonus will be negotiated and will reflect the importance and seniority of this appointment.

Prospective candidates will be interviewed in London by the Managing Director of CIBC, New Zealand during early December.

For further details please write or telephone in complete confidence to the company's advisor on this appointment:

Rochester Recruitment Limited
22A College Hill
London EC4R 2RP
Telephone:
01-248 8346

Head of Marketing
Financial Services

London **£35,000+**

An established and successful Life Office, a subsidiary of a UK financial services group, is extending its marketing operations. This has created a new position for a senior manager and represents an ideal opportunity for a high calibre individual to develop and expand the department.

Prime responsibilities will include:

* Day-to-day control of the marketing function.
* Preparation of marketing plans.
* Planning and devising marketing strategies.
* Identifying market opportunities and controlling the development of new products.
* Recommending all aspects of marketing expenditure and ensuring all marketing activity is properly implemented.

Ideally aged between 30 and 40, the successful candidate will have a proven track record in a senior marketing capacity within an insurance company or related financial services environment.

First class leadership skills are essential, together with an ability to work as part of a highly motivated management team. Experience of marketing using direct methods and via intermediaries is desirable, as is an ability to think creatively and to innovate.

This challenging position offers excellent career prospects and a unique opportunity to join a diverse and progressive organisation with a very competitive remuneration package.

Interested applicants should contact Catherine Fitzsimons on 01-404 5751 or write to her at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strict confidentiality is assured.

MP
Michael Page City
International Recruitment Consultants–London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

Euronote Sales and Trading Specialists
US Bank

City **Up to £55,000 + Bonus + Car**

In order to expand its young dynamic team, our client is seeking high calibre Euronote Sales and Trading entrepreneurs. This will appeal to the individual who enjoys the challenge of creating and building his/her role and contributing to the future of the team.

Reporting at a senior level, you will have 2-3 years substantial sales or trading experience in the product, including high-yield paper. Credit and exposure management knowledge would be a plus. You will be capable of generating business through your already substantial client base.

Your career track record to date will be progressive and stable. Maturity, developmental thinking, and a healthy level of aggression and ambition are essential qualities.

Respond to the challenge! Telephone or write in confidence to Beverly Kemp, quoting Ref: BK104.

Lloyd Chapman Associates
International Search and Selection
160 New Bond Street, London W1Y 0HR
Telephone: 01-409 1371

FUND MANAGER ENERGY AND MINING FUNDS

Save & Prosper Group, one of the country's leading financial services companies with over £3.0bn under management are seeking to strengthen their Investment Division by recruiting an additional fund manager.

You will be responsible for managing an international energy fund, assisting in the running of a broad range of gold, mining and commodity share funds, as well as providing advice to the Department on energy investments. You will also be required to undertake company visits both in the UK and overseas.

The ideal candidate will be in their mid-twenties with experience of the energy and/or mining sectors gained as a fund manager or as an investment analyst.

If you are interested in this position please write in the first instance to Mr. K. Nicholson, Personnel Department, Save & Prosper Group Ltd., Hexagon House, 28 Western Road, Romford RM1 3LB. Tel: (0708) 66966.

CITY
COMPETITIVE SALARY + BENEFITS

SAVE & PROSPER
THE INVESTMENT HOUSE

CSFB Research

SENIOR BOND ANALYSTS

An Opportunity to Join a Leading Research Team

The Research Department of Credit Suisse First Boston has established itself as one of the leading international research teams. We now require a number of experienced bond analysts to help us continue to meet the increasing demand for our services in every aspect of the bank's activities.

The members of the department are all experts in their own field from a wide range of specialist backgrounds, who work together as an integrated unit to solve the problems presented by fast evolving international markets. We also have a close relationship with The First Boston Corporation Bond Research Team in New York. We believe we offer one of the most stimulating and dynamic environments for anyone who wishes to excel in bond research.

The successful candidates' responsibilities will be to analyse markets with a view to producing reports but, more importantly, to generate trading ideas for immediate use by the salesforce and traders, and thereby stimulate transactions.

Our standards are high - If you have at least three years relevant experience with an excellent track record, and believe you can make a major contribution as part of this team, please send your CV to Stuart McLean, Director - Research Department, Credit Suisse First Boston Limited, 22 Bishopsgate, London EC2N 4BQ.

ECONOMIC ASSISTANT

£10,850 – £12,485

British Rail is looking for an enthusiastic young economist to join its Policy Unit in Central London, working on a wide range of economic and forecasting problems. The Headquarters Policy Unit supports and advises British Rail's five distinct business sectors – InterCity, Network SouthEast, Provincial, Freight and Parcels – as well as the Board itself.

As an economist you would be a member of a small highly professional team. You would initially be responsible for monitoring external economic developments, collecting, analysing and reporting on a wide range of economic data, and producing economic forecasts – usually to very tight deadlines.

You should ideally have a good Masters degree in Economics and have some experience working as an economist in business or government, although we will also consider applicants with less experience for an alternative Trainee post.

Commencing salary will be within the range £9,990 to £11,625 dependent on qualifications and experience plus £860 London Allowance – £7,637 to £9,102 for the Trainee Post. There is a contributory pension scheme and the transfer of existing rights can, in most cases, be accepted. There are also free and reduced rate rail travel facilities including travel to work. Career prospects within BR are good with opportunity for advancement nationwide.

For further information, please contact Veronica Christie on 01-262 3232 extension 7736 (01-928 5151 extension 40114 after 8 December). Applications including a full Curriculum Vitae – should reach us by December 19th and should be sent to:

Director,
Policy Unit,
British Railways Board,
P.O. Box 100,
London NW1 2DZ

British Railways is an equal opportunity employer

NIPPON KANGYO KAKUMARU (EUROPE) LIMITED

Ambitious to succeed in Personnel or Corp. Finance?

Join this Fast Growing Securities House

My client is one of the leading, City-based Japanese Securities Houses, whose recent record of growth and profitability is extremely impressive. Determined to maintain this success, they now seek two senior and well-qualified members of staff, thus reflecting the company's commitment to diversification and expansion.

Personnel Manager to £30k
Probably already an experienced personnel practitioner within a financial institution or similar, you relish a 'start-up' role in this principal subsidiary. Mature and tactful, you should have sound managerial ability and are well versed in all aspects of the function including setting up systems/procedures. Personally credible and stable, you seek a long-term career commitment. Age indicator, over 35 years. (Ref. No. 1097)

Manager (Corp. Finance) to £25k
With a strong Merchant/Investment Banking background, you should have particular experience in negotiating mandates for new issue origination. Commercially aware, your financial exposure includes contacting borrowers in prominent institutions/corporations with euro/domestic market interests. Mobile and willing to travel in Europe, you are ideally a graduate with the determination to succeed in this growth sector. Age profile, late 20's. Languages an asset. (Ref. No. 1098).

These are both outstanding opportunities to join one of the most promising forces in this market sector. In addition to stated salary indicators, other benefits include Bonus, Pension/Life Assurance, Medical Insurance and Mortgage/Loan facilities.

Interested? Then stating clearly for which post you are applying, please ring or preferably write, to me, Stephen R. Boyd, Sowerby's (Selection) Ltd., Personnel Consultants, 500 Chesham House, 150 Regent Street, London, W1R 5FA. Tel: 01-439 6288.

Sowerby's Selection

Account Officer-Property Lending
Central London

Manufacturers Hanover Trust is one of America's leading banks with a world wide network of offices.

For over 12 years we have had a Lending Group based in Central London which specialises in loans to the property and construction industries.

The success and continued development of this Group has created an opening for an Account Officer.

It is an excellent career opportunity for someone in their late 20's or early 30's who has a degree and/or professional qualification, together with experience of asset related lending.

This experience, preferably in the property finance sector, could have been gained in either a commercial bank and/or financial house and must have included conducting appraisals of customer's projects and credit worthiness and preparing secured loan documents as well as negotiating and progressing business at senior levels, employing outside professional help as necessary.

We offer a highly competitive salary plus a first class package of benefits and every opportunity for significant career development.

Please write, enclosing full career details to:

**Astor Mendieson, Manager, Personnel
Manufacturers Hanover Trust Company,
Gerry Raffles Square, Stratford, London E15 1XG.**

MANUFACTURERS HANOVER

N.M. Rothschild Asset Management Limited

Unit Trust Marketing

NM Rothschild Asset Management Limited is expanding its Marketing Department which offers a range of investment products and services to professional advisers.

A person is to be appointed, probably aged 25-35, who has gained experience in the investment industry, preferably in the private client office of a stockbroker. The ability to communicate effectively will be a prime requirement, and a positive outgoing personality will be sought in the successful candidate.

The post is in a small team promoting, principally, onshore and offshore unit trusts. Some travelling within the UK may be required.

The appointment will offer a competitive remuneration package with normal banking fringe benefits and the prospects of career development for successful performance.

Please send full curriculum vitae, in strict confidence to:
The Personnel Manager
NM Rothschild Asset Management Limited
PO Box 185
New Court, St. Swithin's Lane
London EC4P 4DU

THE UNIVERSITY OF NOTTINGHAM

APPOINTMENT OF BURSAR

Applications are invited for the appointment of Bursar from 1st September 1987, on the retirement of Mr. J. E. Madocks.

The University's recurrent income approaches £50 million and capital works in train total some £2 million. The Bursar is head of sections of the administration dealing with such matters as financial management, investments, income generation, capital works, engineering services, and the maintenance and development of the University estate. Extensive experience in at least some of these areas, not necessarily in universities, will be required.

Salary in accordance with experience.

Further particulars and conditions of the appointment may be obtained from:

The Staff Appointments Officer
University of Nottingham
University Park, Nottingham NG7 2RD

Letters quoting the reference 1079 and the Form of Application should reach him not later than 15 January 1987.

SPOT TRADER — **Salary: To £35,000**
A number of our clients, major International Banks, are currently seeking Spot Traders with a minimum of three years experience gained trading major currencies.

MARKETING OFFICER — **Salary: £30,000**
International Bank seeks a Marketing Officer aged 28-35 with a minimum of 5 years experience. Applicants must have a proven track record of marketing to UK Corporate Clients dealing with project, property and aircraft finance. A.I.B. is preferred.

SETTLEMENTS MANAGER — **Salary: To £20,000**
US Investment Bank intending to establish a UK Stock Exchange Division requires a highly motivated individual with several years experience.

CREDIT ANALYST — **Salary: £16,000+**
European Bank seeks a Credit Analyst with a minimum of two years experience. Candidates should be in their early to mid 20's, have good communication skills and thorough analytical approach. Prospects for career advancement are excellent.

Please contact
Catherine Virr on 01-621 1942
or write to her at
18 Rood Lane, London EC3M 8AP
BRUNEL BANKING

CHIEF REPRESENTATIVE FOR KENTUCKY, USA

Individual sought to serve as Chief Representative for the Commonwealth of Kentucky, USA to the European Economic Community. Office to be established in London, England. Knowledge of both Kentucky and the south east region of the United States as well as experience in export promotion and industrial development is mandatory. Position requires working knowledge of the United Kingdom and Germany. Fluency in the German language is required.

If qualified, immediately send resume and salary history to:
Ms Anne Edwards, Office of International Marketing
24th Floor, Capital Plaza Tower, Frankfort, Kentucky 40601, USA

Chief Executive
New Stockbroking Venture
Dublin

ALLIED IRISH BANKS plc has recently announced its intention to enter the stockbroking market through a newly formed subsidiary, Allied Irish Securities. The Bank's aim is to provide a full stockbroking service for its customers in Ireland and the U.K. The strategy of Allied Irish Securities will be to take advantage of emerging opportunities in the overall financial services sector.

The role will be to provide the creative leadership and direction necessary to establish the new company as a significant force in the market-place, and the requirement is for substantial experience of stockbroking or securities trading gained in a professional firm or major financial institution. The reward and benefits package, which is for discussion, should not be a limiting factor.

Preferred location is Dublin, though London could also be acceptable.

Please write – in confidence – to H.W.J. Flannery ref. B.83462.

**MSL International,
49 Upper Mount Street, Dublin 2.**

Offices in Europe the Americas Australasia and Asia Pacific.

MSL International
Executive Search and Selection

Commercial and Contracts Manager – Aviation

Rapid growth and sales development at PBN call for an experienced Contracts Manager to head the Commercial/Administration function within the Marketing Department.

In addition to our highly successful Islander aircraft, the new AEW Defender is attracting considerable sales worldwide.

Major responsibilities will include financing the sale of aircraft internationally, negotiating small and £multi-million contracts at a senior level with military, government and civil agencies and running the Sales Support/Admin Department.

Relevant experience is essential but an aircraft industry background is not a requirement. A banking or legal background would be suitable and a law degree an advantage.

Please send a full CV, indicating present salary, to
Maureen Adamson,
Personnel Manager,
Pilatus Britten-Norman Ltd., The Airport,
Bembridge, Isle of Wight
PO35 5PR.
Tel (0983) 872511.

PILATUS BRITTEN-NORMAN LIMITED

CAPITAL MARKETS
U.K. Marketing Role

Our client, a leading UK Merchant Bank with powerful client base is seeking to expand the marketing activities of its Capital Markets division.

Working closely with the product development and syndication teams the role will combine both the engineering and the marketing of capital markets instruments across a wide range of financing needs.

They seek an executive, mid-late 20's, probably currently at Manager level, who combines a solid banking background with several years exposure to capital markets products and has a firm grasp of their implication for the Banks' clients.

Rewards will be high and salary package excellent for the ambitious and enthusiastic team player.

For further details please call or send c.v. to Sara Bonsey.

18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224

CAPITAL FUTURES
RECRUITMENT CONSULTANTS

MINING CORPORATE FINANCE

Small team (2) with comprehensive knowledge, experience and contacts in North American, Australasian and European mining markets currently working for major financial institution seeks new horizons/challenges in the mining corporate finance sector

*Write Box A0345, Financial Times
10 Cannon St, London EC4P 4BY*

Appointments Advertising

£41 per single column centimetre and £12 per line
Premium positions will be charged £49 per single column centimetre

For further information, call:
Louise Hunter 01-248 4864
Jane Liversidge 01-248 5205
Daniel Berry 01-248 4782

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Product Development Executives.

In an increasingly competitive financial services marketplace, we have proved to be one of the most successful investment organisations.

Much of our success is due to our expertise in evaluating new investment markets, and we now require two Product Development Executives who have some experience in this extremely important area.

These are important positions within the company as your responsibilities will include the identification and development of valuable new marketing opportunities with particular emphasis towards the unit trust and related markets in the U.K., Europe and overseas.

Business Development Executives.

One of the cornerstones of our continuing expansion has been the pinpointing of new investment markets and then maximising their potential.

Our skill in this important area is due to the abilities of our highly experienced Business Development team, and we now require one or possibly two Executives to strengthen this important function.

Your role will be to assist in identifying new investment markets and developing those opportunities. Initially, these will be in the U.K., but we are evaluating international markets such as Canada, France and Holland. As such, a certain amount of international travel will be involved in the future.

YOUR NEXT MOVE COULD HAVE SOME INTERESTING DEVELOPMENTS.

If you're looking to develop your career, perhaps you should be looking at a company which is developing faster than most.

The company is Fidelity Investment Services and we are set to become one of the key players in the financial services industry of the 1990's.

To ensure that we achieve our ultimate goal, we are constantly pinpointing and developing new investment opportunities, and we are now seeking several Executives to strengthen our marketing team based at our offices in the City.

You should be a highly-motivated graduate in your mid twenties with a flexible and creative approach to the financial services industry.

Several years experience in marketing and new product development in either insurance, banking, investment services or unit trust management would be an advantage.

You will have the benefit of joining a dynamic team who already have a successful track record, and we are also offering a generous remuneration package which will include a competitive starting salary, a performance related bonus, non-contributory pension, private health scheme and free life assurance.

So if you would like to develop your career as you develop new markets, please write enclosing a C.V. to **Sue Lingham, Fidelity Investment Services, 25 Lovat Lane, London EC3R 8LL.**

Statistical Analyst.

Any successful marketing strategy must be thoroughly worked out and evaluated against a background of accurate market research. To provide the level of support required by our fast-moving marketing team, we now require a Statistical Analyst.

Your prime responsibilities will be the statistical analysis and monitoring of investment funds both in the U.K. and internationally via sophisticated computer and communications systems. In addition, analysis of the rapidly changing financial market place together with research to monitor our share and position will also have to be undertaken.

Financial Writers.

The strength of our creative and progressive approach together with our excellent investment performance have been the qualities behind our continuing expansion.

The quality of our literature is widely acknowledged throughout the industry, and we now require several Financial Writers to help maintain our high standards.

These are important positions within the marketing function as you will be responsible for preparing fund literature, writing and designing promotional literature and contributing to our overall marketing strategy.

BERMUDA–BOSTON–HONG KONG–JERSEY–LONDON–NEW YORK–SAN FRANCISCO–SYDNEY–TAIPEI–TOKYO

Fidelity
INVESTMENT SERVICES

Appointments Advertising

£41 per single column centimetre and £12 per line

Premium positions will be charged £49 per single column centimetre

For further information, call

Louise Hunter 01-248 4864

Jane Liversidge 01-248 5205

Daniel Berry 01-248 4782

UK Fund Manager/ Equity Trader

Phillips & Drew

Phillips & Drew continues to develop its Equities Department to meet growing client needs and fresh opportunities in the UK market. We are currently building a small team which manages principal positions in UK equities and derivative markets, and is developing new products and services such as program trading.

You will manage part of the substantial risk capital allocated to this area, and will design and implement market strategies in co-ordination with our market making team.

We need a person with exceptional qualities. You will be used to working under pressure and you will combine an original, decisive mind with the ability of a fund manager to take a detached view. You will be in your mid 20's with 2-3 years experience of actively managing performance-orientated funds. Experience in options and futures would be an advantage.

An excellent package will be offered, including a competitive salary, performance-based bonus, mortgage subsidy and other first-class benefits.

Please contact Martin Lovick, Equities Department, on 01-628 4444 for further discussion, or write to him at:

Phillips & Drew,
120 Moorgate, London, EC2M 6XP

A member of the Union Bank of Switzerland Group

A leading U.S. Bank

Forward Foreign Exchange Dealers

London **New York**

Our client is one of the most respected financial institutions in the world.

As part of further global development and to keep ahead of market changes, the bank has decided to expand its forward foreign exchange dealing capability. It is therefore appointing a number of key individuals in London and New York.

To join the team you will need to demonstrate substantial experience in forward trading in the major currencies or the exotics. Probably a graduate aged 25-35, you will show the sophistication of approach which is bred in a high calibre institution.

In return you will be offered remuneration and prospects second to none.

For further details please contact Victoria Ward Krickie on 01-404 5751, or write to her at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strictest confidentiality is assured.

MP
Michael Page City
International Recruitment Consultants–London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

Eurobond Sales

Prime-Movers/Second Jobbers

The City-based subsidiary of a well-established international securities house requires an experienced Eurobond sales professional to specialise in selling fixed-rate instruments to continental Europe.

Candidates should be in their mid 20's with a minimum of 1 year's prior experience and should currently be working for a prime name. Proven sales ability is a pre-requisite and fluency in one or more foreign languages would be a major advantage.

Interested applicants should apply in writing, to **Sally Poppleton or Andrew Stewart** at 39-41 Parker Street, London WC2B 5LH, quoting ref. 3706, or telephone them on **01-404 5751.**

MP
Michael Page City
International Recruitment Consultants–London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

Senior Equity Trader

CIBC Investment Bank, a subsidiary of one of North America's major banking groups, is seeking an equity trader to establish a euro-equity desk in London.

The successful applicant will have had at least four years experience with either an international securities house or a UK stock jobber.

Remuneration will be commensurate with ability and experience and the bank provides a full and competitive benefits package. So, if you're interested in the challenge this opportunity presents, please send CV or call to discuss the position with:

Jamie Clark
Deputy Managing Director
or
John Hardisty
Manager, Human Resources
Canadian Imperial Bank of Commerce
55 Bishopsgate, London EC2N 3NN
Telephone: 01-628 9858.

CIBC Canadian Imperial Bank of Commerce

YOUNG ECONOMICS GRADUATE

Economist required for research/trading position in the new London office of a U.S. futures broker. Research requirements are wide ranging, including reviews of the international economy to the mechanics of new financial instruments such as traded options. A good honours degree in economics and a keen desire to get to grips with modern international finance are essential. Familiarity with personal computers/programming an advantage. Excellent prospects. Futures experience not essential. Indicate remuneration required.

Apply in full confidence to:—

Box A0344, Financial Times
10 Cannon Street, London EC4P 4BY

Executive Director - Banking

Our client, a small merchant bank, has created an important new position, the incumbent of which will report to the Board and be in control of developing the syndications, capital markets: bonds and stocks and the setting up of new loans An ideal candidate will have a background in corporate finance perfected by a legal qualification

Please write in strictest confidence with a CV to:
Box A0337, Financial Times
10 Cannon Street, London EC4P 4BY

MONEY MARKET DEALER

The appointment of a Short Term Sterling Instrument Dealer will complete the expansion of the Abbey National's Treasury Team.

The Society has made plans to take full advantage of recent legislation permitting building societies to trade in financial markets, which have previously been closed to them.

Abbey National has a high-profile in the sterling money market and the successful candidate will work as part of a high-achieving professional team. The purpose of this position will be to maximise yields and capital profits, by positioning and instrument switching using building society and clearing bank C.D.s, Bills, Fixed Deposits and Gilts up to one year in maturity.

Rapid decision making skills will need to be supported by sound economic and technical knowledge of the markets involved.

Candidates will ideally be graduates, with proven experience and an exceptional track record in the corporate or banking sectors.

In return for your commitment and experience, we are offering a competitive remuneration package, which reflects the importance we attach to this position. This vacancy has been newly created and there will be every opportunity for rapid advancement within the Treasury structure.

In addition to a negotiable salary we offer the range of benefits to be expected of a large financial institution, with relocation assistance where appropriate.

For further information on the above position please phone Roger Little on 01-486 5555 ext 4377 to arrange an informal and confidential meeting or send your cv to Bill Whitehead, Personnel Manager, Abbey National Building Society, Abbey House, Baker Street, London W1.

ABBEY NATIONAL BUILDING SOCIETY

Jonathan Wren
SYDNEY LONDON HONG KONG

CORPORATE FINANCE
£30,000 to £50,000+

As one of the leaders in senior executive recruitment for major British and international merchant and investment banks, we are currently seeking additional applicants for corporate finance positions at two levels, namely Senior Manager/Assistant Director — salary £50,000+ and Executive — salary negotiable £30,000 to £35,000 plus bonuses (in one case to 100%) plus usual banking benefits.

Candidates will be bankers, aged between 27 and 36 and must have experience in one or more of the following areas:- mergers and acquisitions, new issues, LBO's, MBO's and general corporate advisory services. A degree and professional accountancy or law qualification is essential.
Contact Brian Gooch and Mark Forrester.

US TRAINED CREDIT ANALYST
c£20,000

A prestigious international banking organisation wishes to appoint a US bank trained credit analyst to strengthen and support its marketing team. The successful candidate will be aged between 25 and 30 years; with formal US bank credit training and a relevant degree. Prospects for career advancement are assured and a very attractive benefits package is offered.
Contact Anne Fenwicke or Trevor Williams.

CREDIT ANALYST
£15,000+

Due to recent expansion within their Corporate Finance Division, a leading US bank seeks an ambitious credit analyst to become involved in UK corporate lending. The successful applicant will be aged 24 to 26 years, possess at least 2 years credit analysis experience gained in an international banking environment, a degree or AIB qualification and the desire to progress to a marketing role in the foreseeable future. Fluency in French or German would be advantageous.
Contact Anne Fenwicke or Trevor Williams.

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

Scope to become a Manager in 6 months and to become an Operations Manager in 12-18 months

ASSISTANT MANAGER – EQUITY SETTLEMENTS

CITY £20,000–£30,000

INTERNATIONAL HEADQUARTERS OF MAJOR U.S. INVESTMENT BANK

We invite applications from candidates, aged 25-35, who have a minimum of 2 years practical experience in settlements in U.K. and foreign equities, gained in either a merchant bank or stockbrokers. Responsibilities will be widely drawn and will include all aspects of equity and currency settlements in addition to exposure to and training in bond settlements. The candidate will play a key role in building up an efficient and effective settlements function. 1-2 weeks familiarisation period in the New York office will be necessary. Initial salary negotiable, £20,000–£30,000, non-contributory pension, free life assurance, free B.U.P.A. Reference AMES 4447/FT.

For this assignment, we are particularly keen to hear from candidates, in strict confidence, by telephone, on 01-638 0680 or 01-638 8987. Written applications quoting the above reference to the Managing Director: CJA.

Career opportunities exist for ambitious professional

ADMINISTRATOR – TRADER SUPPORT

CITY VERY ATTRACTIVE PACKAGE

INTERNATIONAL HEADQUARTERS OF MAJOR U.S. BANK

We invite applications from numerate candidates, ideally in their 20's and with a minimum of one year's experience of providing administrative support on a trading desk or of international settlement. Working from a trading desk where there is consistent pressure, the successful applicant will be responsible for providing a full range of support work. The team is growing and there is scope to expand responsibilities in an environment where ability, ambition and hard work are rewarded. Numeracy, a meticulous and disciplined approach to work, combined with an assertive and resilient personality are the qualities we seek. Initial remuneration is negotiable in relation to age and experience, with a very attractive compensation package + non-contributory pension, free life assurance, BUPA. Applications in strict confidence under reference ATS4448/FT to the Managing Director or by telephone on 01-638 0680/8986: CJA

35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.
ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT – PLEASE TELEPHONE 01-628 7539

GPA
GUINNESS PEAT AVIATION

Challenge and Opportunity

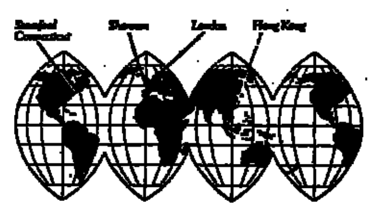
The principal business of GPA Group is the world-wide leasing and trading of a portfolio of commercial jet aircraft with a current value of approximately $1 billion. The company plans to quadruple this portfolio by the early 1990s.

GPA SHAREHOLDERS

GPA's shareholders and joint venture partners include major European, Japanese and North American airlines, aerospace manufacturers, trading companies and financial institutions. GPA's management and staff are also significant shareholders.

GPA LOCATIONS

GPA's headquarters are located at Shannon, Ireland and the company has marketing subsidiaries in London, Stamford (Connecticut) and Hong Kong.



THE PEOPLE WE NEED

GPA now plans to add a number of young professionals to its existing team to help meet the demands of its expansion plans and to provide for future senior management positions. There are job openings in each of GPA's four principal divisions – marketing, financial, legal and technical, as well as within our recently formed joint venture companies.

For these positions, GPA seeks enthusiastic and hard working *people in their mid to late twenties* who have a good honours degree or an equivalent qualification in accountancy/finance, business administration, engineering or law, together with significant post qualification achievement in business, the professions or the public service. There may also be some opportunities for exceptionally qualified younger applicants with limited experience.

GPA would also like to hear from more mature *people in the 30-40 age group* who have appropriate professional qualifications and substantial relevant experience, particularly in capital equipment marketing, the structuring of complex financial projects or investment banking.

Most of the positions are Shannon based but there will be opportunities to work in overseas offices.

Success in GPA's sophisticated and competitive global industry requires a very high level of personal commitment together with intellectual ability and physical resilience. GPA's business also requires extensive world-wide travel and the ability to deal with complex matters under considerable pressure.

GPA offers excellent employment conditions, including performance related bonuses and an opportunity to acquire a shareholding. However, while material rewards can be substantial, GPA's real offer is a unique opportunity to become part of the company's leadership in the 1990s.

If you are confident that you have the talent, maturity and motivation to contribute to GPA's future success please write confidentially and comprehensively (including a detailed C.V.) to:

Mr. Liam Barrett,
Company Secretary,
GPA Group Limited, GPA House,
Shannon, Co. Clare, Ireland.

International Banking

DEPARTMENT HEAD: Trade Finance c£20,000
A management role within the Operations Department of a first class European Bank which will entail comprehensive Trade Finance administration together with relevant involvement in credit support work.

ACCOUNTANT £21,000+
A creditable Joint Venture operation seek a qualified ACA aged to e 30s and offering three years relevant banking experience. Responsibilites will include the control and supervision of a small team in addition to varied accounting duties.

COMPANY SECRETARY c£30,000
A long established subsidiary of a US Bank require a Company Secretary: ACIS qualified and aged m 30s, to undertake a diverse range of duties and responsibilities normally associated with the function.

SENIOR CREDIT ANALYST c£18,000
A first class US Bank have instructed us to introduce a person to be responsible for supervising a team of analysts. This is a key management role and candidates possessing a strong credit background, ideally supplemented by an AIB qualification, should have the ability to motivate others and liaise effectively with senior management.

CREDIT ANALYSTS £12-£16,000
A prime European Bank, currently require two competent analysts, aged 25-35, for the expanding UK section of its professional Credit Department. Candidates should possess the potential for further advancement and the commitment required to contribute effectively in this major Bank.

BANK RECRUITMENT CONSULTANTS.

Gordon Brown

67/68 LONDON WALL,
LONDON EC2M 5TP
TEL: 01 628 7601

EQUITY RELATED BOND SALES/TRADING

An Investment Bank implementing strategic plans to give strength and prosperity to its European operations, seek individuals expert in the handling of Warrants and Convertibles to augment their bond dealing team. As a world leader in the primary markets—who are not adverse to a little aggressive expansion—they foresee excellent long term opportunities for those with intelligence and a sharp market awareness.

UK TRADED OPTIONS

Deregulation has led many firms to take notice of the potential profitability of a strong Option trading division. We are currently handling positions for a selection of prime stockbrokers backed by major institutions, eager to increase their market capabilities for both private and institutional investors. Generous packages will be tailored according to ability.

INVESTMENT RESEARCH

As competition for good Research Analysts continues, so the demands placed upon them are increased. We are particularly keen to meet those who have proven ability within a financial institution looking at the Pharmaceutical and Automotive sectors.

Candidates should apply in confidence to:
Jonathan Head on 01-430 1551/2653 or write:
Executive Selection Division
9 Brownlow Street, Holborn, London WC1V 6JD

Dulcie Simpson
Appointments Ltd

UK Equity Sales Executives

... to develop the Japanese market

Our client – part of a major banking group – is one of the leading stockbrokers in the UK. They have a strong international client base and a substantial and renowned research capability. They are soon to be granted a securities licence in Japan

Consequently, they are seeking to strengthen their existing and successful equities team by the addition of sales executives with a knowledge of the Japanese domestic market. Candidates should be fluent in Japanese and have a proven record of achievement

You will become part of a highly professional team with the resources and commitment to succeed. Opportunities exist in either Tokyo or London, and our client offers a highly competitive package which will reflect your experience, ability and the seniority of appointment.

Please write with full personal and career details. These will be forwarded direct to our client. Please list separately any companies to whom your application should not be sent. Michael Hordern, ref MH/B/4

MSL International, 52 Grosvenor Gardens, London SW1W 0AW
Offices in Europe, the Americas, Australasia and Asia Pacific

MSL International
Executive Search and Selection

International Appointments

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Interested applicants should contact Mr Alastair Macdonald in our London Office 01-623 5551. Interviews will be held during the first week of December.

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AGF flotation may face delay over valuation problem

BY GEORGE GRAHAM IN PARIS

THE FRENCH Government's privatisation programme has run into a snag which is likely to delay the flotation of Assurances Générales de France, the insurance company which was to take third place on the list.

AGF was originally expected to come to the market in March, but problems over the valuation of the company have forced a delay. The government still hopes to privatise the insurer by the end of June, but senior company officials believe it may have to wait until October.

The Finance Ministry said yesterday that there was no question of bringing forward another company to replace AGF in the first round of Government asset sales and that the delay would cause no problems for the privatisation programme, which aims to sell off 65 companies worth between FFr 200bn ($30.3bn), and FFr 300bn over the next five years.

The delay clashes embarrassingly with the fanfare surrounding the launch on to the stock market of St Gobain, the glass and packaging group which is the first French company to be privatised.

The difficulty for AGF centres on the valuation of the group's unrealised capital gains and their division between insurance policy holders and the future shareholders. The group's investment portfolio in France was valued at over FFr 45bn at the end of 1985, a 20 per cent increase from the previous year. Realised capital gains accounted for two of its reported profits last year.

AGF officials expect that it will be necessary to restructure the group with a clear separation of its life and non-life business. The group's central insurance company, currently worth over FFr 20bn, now owns all of the life subsidiary, which in turn holds the majority of the accident and motor subsidiary.

If the group cannot be brought to the market by March, it will be obliged to publish full accounts for 1986 with its offer document. These will not be ready until June, leaving only a short time before the summer period, which would be a difficult time for a major flotation. After June 15, company officers estimate the earliest possible date would be October 15, to allow time for a publicity campaign.

The delay, although embarrassing to the Government, appears to be more welcome to AGF itself, where senior officials believe it will give them more time to prepare an effective flotation.

AGF, the second largest French insurance company after UAP, has always been expected to create more headaches for the Finance Ministry than St Gobain and Paribas, the first two companies to be privatised. With an 11.5 per cent market share in the developing French life assurance market, it has aroused the appetites of French and overseas groups.

Bayer set for record full-year earnings

By David Marsh in Bonn

BAYER, the big West German chemicals group, is on the way to chalking up another year of record profits after boosting pre-tax group earnings 4.2 per cent to DM 2.6bn ($1.3bn) in the first nine months of 1986.

Mr Hermann-Josef Strenger, chairman, made clear that Bayer was continuing to profit from high capacity usage and a favourable financing position in spite of a sharp drop in turnover caused by the lower dollar.

Bayer officials also revealed that the company had built up worldwide liquid resources of around DM 5bn as a result of improved cash flow and its rights issue of more than DM 1.1bn at the beginning of the year.

It has also completed restructuring and sale of loss-making activities, with all branches now operating in the black.

Mr Strenger, speaking at a press conference, said Bayer was planning no "spectacular" acquisitions similar to the takeover bid launched earlier this month for Celanese Corporation of the US by Hoechst, smallest of the "Big Three" German chemicals groups.

However, he did not rule out further purchases of specialised companies in fields where Bayer could add to its high-technology experience.

The company has recently acquired dental companies in the US and the Netherlands and has launched into speciality metals by buying more than 90 per cent of the Berlin company Starck, one of the world's leaders in the chemistry of metals such as tungsten, molybdenum and tantalum.

Bayer group turnover in the first nine months of the year declined 12.4 per cent compared with the same period last year to DM 31.08bn.

Our New York Staff looks at the end of a shipping magnate's dream

US Lines lays off 1,200 workers

US LINES yesterday laid off 1200 employees, close to half its workforce, and activated emergency plans to try and ensure that its giant container ships, servicing its suspended round-the-world and transatlantic routes, were able to discharge their cargo as efficiently as possible.

There was widespread speculation yesterday that some of the bankers and other creditors of US Lines would try and arrest US Line ships in ports around the world following the decision of McLean Industries, the shipping company's parent, to file for protection under Chapter 11 of the US bankruptcy code.

However, the New York-based US Lines said early yesterday that as far as it knew none of its ships had been arrested. Several major creditors, including Citibank and Bank of America, refused to comment on how they planned to recoup the $1.2bn owed to them.

One maritime lawyer said that the Chapter 11 filing was "like throwing a body into a pool of sharks. Everbody rushes to feed." Some of US Lines ships might not make it back to the US before they were arrested to meet creditor's claims, he said.

US Lines said yesterday that it was "doing its best not to have its ships arrested" and stressed that the company's transpacific and South American services would continue to operate normally.

The services generated a positive cash flow. However, the company was unable to say what would happen to its 12 giant container ships employed on its round-the-world service when they completed their voyages.

The Chapter 11 move appears to mark the end of an extraordinary gamble in the history of the container shipping industry.

Mr Malcolm McLean, the 73-year-old founding father of the industry, ordered 12 jumbo sized container vessels costing $50m each from the Korean shipyard of Daewoo at a time when the rest of the industry was already facing serious excess capacity. Monday's bankruptcy filing indicated that his bankers had finally lost patience and much of his fleet will be mothballed until new owners can be found.

The bold gamble marked Mr McLean's bid to re-establish himself as the leading figure in the industry which he had begun in 1956 when his Ideal-X, a former World War II tanker which had been converted to carry 58 truck trailers on its deck, sailed from Port Newark, New Jersey, to Houston, Texas, ushering in probably the most profound revolution in modern freight transport.

Mr McLean, who grew up on a small North Carolina farm, started in the transport business with one truck and expanded into a major trucking company, later sold for $6m in 1955 to enter the shipping market. Unlike some shipping magnates he was never carried away by the romance of ships. His driving aim was to get cargo from A to B for the lowest price.

The Ideal-X was the first of a giant container shipping fleet assembled by Mr McLean's Sea-Land company which pioneered the concept of container freight transport and developed most of its technology. For the first time, businesses were able to ship cargoes to their destinations safely and securely in a single container. The container was the key to the development of inter-modal transport, since it could easily be transferred between trucks, rail and ships.

Mr McLean built Sea-Land into the largest and most powerful container shipping operator in the world before selling it to R. J. Reynolds, the tobacco company, for $500m in 1969. The deal brought Mr McLean $160m of R. J. Reynolds preferred stock and a seat on the board.

After almost a decade's absence from the industry the restless Mr McLean, who quit the Reynolds board in 1977, bounced back into the spotlight with the $160m acquisition of US Lines – one of the most famous names in US shipping – from Walter Kidde and company in 1978. He subsequently announced plans to replace and treble the size of US Lines' ageing fleet by building a dozen of the biggest container ships afloat.

Described by US Lines' chairman Mr William Brew as "huge floating bathtubs," they were a third larger than the biggest of their competitors.

From the beginning Mr McLean's $570m order for the giant container ships was regarded as a massive gamble, but he was able to persuade some of the world's most prestigious financial institutions, including Citibank, Bank of America, Chemical Bank, Bankers Trust, the General Electric Credit Corporation and the Prudential Insurance Company, to back his dream.

The move was an attempt to revolutionise the shipping industry once again. While his competitors, concerned at the risks of trying to fill bigger ships and the need to cut fuel costs, were building smaller ships, McLean felt that reducing costs per unit would permit him to offer lower prices and attract more business.

Profits double at Wickes Companies

BY CHARLES HODGSON IN NEW YORK

WICKES COMPANIES, the acquisition-hungry US building products and retail group, doubled its net profits from continuing operations in the third quarter to $33m.

However, the California-based company yesterday reported lower final net profit of $38.8m or 16 cents a share after an extraordinary $5.7m gain. In the year ago quarter, the company recorded final net profits of $40.1m after extraordinary gains of $24.7m and a small loss on discontinued operations.

Per share earnings have been heavily diluted by the sharp rise in the number of shares issued to 239m from 96.5m.

Sales in the quarter rose to $1.25bn from $1.04bn.

For the nine months, Wickes reported net income from continuing operations of $69.5m or 30 cents a share, compared with $13.6m a year ago. Final net was $86.27m or 39 cents a share after gains of $16.8m, while gains of $33.9m left final net for the year ago period at $47.9m or 33 cents a share.

In the space of four days earlier this month Wickes acquired textile manufacturer Collins & Aikman for $1.2bn and offered $1.7bn for Lear Siegler, the troubled aerospace, car parts and industrial products group.

Wickes, which emerged from Chapter 11 bankruptcy in 1985, was subsequently forced to pull back from its white knight approach to Lear Siegler because of difficulties in raising finance.

Jacobs to buy back shares

By Our Financial Staff

MR IRWIN JACOBS, the Minneapolis-based financier who is one of Wall Street's best-known arbitrageurs, has announced plans to buy back some 4.5m shares in Minstar, his own holding company, in order to support the price.

The share repurchase plan, covering about 25 per cent of Minstar's shares and likely to cost about $90m at recent share price levels, will be funded internally, Mr Jacobs announced yesterday.

He said the decision to buy back stock had been taken because of the continual deterioration of the company's share price in national over-the-counter trading. Minstar has been trading at $20 in the past few days, compared to recent highs of about $25.

Amev advance stalled by exchange rates

BY LAURA RAUN IN AMSTERDAM

AMEV, the Netherlands' third-largest insurance company, posted a modestly higher profit of Fl 230.5m ($101.5m) in the first nine months of 1986, only 5 per cent more than the year-earlier period because of foreign exchange rates.

The Utrecht-based company said yesterday that it expected net income for all of 1986 to match the Fl 5.99 a share of 1985.

In the first nine months, the weak US and Australian dollars eroded operating income when expressed in guilders from those countries, which together account for half of all revenue. While premium income from life insurance in the US and Australia rose in local currencies, it fell in Dutch guilders.

Operating income from life insurance rose 19 per cent to Fl 197.9m in the January-September period from Fl 166m, with virtually all geographic areas contributing to the increase. Non-life operating income, however, dropped 29 per cent to Fl 89.1m from Fl 125.5m due to losses in the US accident and health lines and to underwriting losses in Australia.

Operating income from other activities, which include property development and financing, slipped 18 per cent to Fl 31.2m from Fl 37.9m.

Overall revenue edged up 4 per cent to Fl 5.76bn in the first nine months from Fl 5.52bn, again due to the strong guilder which shrank turnover when translated from local currencies.

SGB sees major income advance

BY TIM DICKSON IN BRUSSELS

SOCIÉTÉ Générale de Belgique, Belgium's largest industrial and financial holding company, has forecast almost doubled profits for 1986. Mr René Lamy, the group's governor, told shareholders yesterday that net profit for the year, before transfer to tax exempt reserves, would show "a very substantial increase" to around BFr 5.5bn ($130m) compared with BFr 2.85bn in 1985.

The 1986 results, however, will be helped by the two large rights issues in November 1985 and May and June this year which together raised BFr 11.5bn.

Mr Lamy said that the jump in net profits would allow the board, "other things being equal" to propose to May's general meeting an increase in the dividend payout, although the number of shares in issue had grown by nearly 25 per cent.

On the rise in profits he said that incomes from Société Générale's investment holdings was up because of a rise in the per share dividends and, in some cases, the increase in the size of the shareholdings.

"Aside from operating income being up overall by around 20 per cent, extraordinary income will take account of capital gains on asset disposals amounting to BFr 4.5bn," providing a balance of extraordinary income over extraordinary expenditure of BFr 2bn.

The main asset disposal was of shares in Genstar, the Canadian company taken over by Imasco earlier this year.

On the proposed merger between the telecommunications interests of Compagnie Générale d'Electricite (CGT) and ITT, US Telecommunications group, in which Société Générale has an option to take a minority stake – Mr Lamy hinted that the group might seek outside capital to help finance its participation.

"Given the scale of the resources required, we might find ourselves constrained to set up a structure which as well as involving a stake taken by the SG Group would solicit other sources of investment, including at the appropriate time the general public."

The final decision on participating would be taken shortly.

Goodyear takes charge after tax of $150m

BY WILLIAM HALL IN NEW YORK

GOODYEAR, the world's biggest tyre manufacturer, will take a $150m after-tax charge in its final quarter to cover the restructuring plans it announced last week to defeat an unwelcome $5.3bn takeover bid from Sir James Goldsmith, the Anglo-French financier.

Goodyear earned $412.4m in 1985 and says that an important part of its restructuring plan will be the implementation of cost reduction programmes which will produce annual pre-tax cost savings of $230m. Included are approximately $170m of reductions in corporate overheads and in research and development, advertising and general expenses.

The company also says that the cost savings include $60m from the closure of its tyre plants at Cumberland, Maryland, and New Toronto, Ontario.

Mr Robert Mercer, Goodyear's chairman, says that the restructuring is designed to help increase value for shareholders and to assure that the company maintains its position as the world leader in the tyre industry.

Goodyear, which bought back Sir James Goldsmith's 12.5m Goodyear shares for $49.50 last week, expects to commence its tender offer for 40m of its own shares at a price of $50 a share late next week.

Lucchini plans listing

By Alan Friedman in Milan

MR LUIGI Lucchini, the chairman of Italy's Confindustria Employers' Association, is planning to bring his personal private steel empire to the Milan bourse. Lucchini Spa, the holding company which groups together around L1,000bn ($717m) of steel and diversified activities, has asked Sige, the Milan investment banking arm of the state IMI credit agency, to prepare a prospectus for a stockmarket quotation which is expected by next summer.

Around 40 per cent of the Lucchini group's turnover comes from private steelworks based in the Brescia region of northern Italy. The company also has minority stakes in companies such as Snia BPD, the Fiat-controlled defence and textiles business; Credito Agrario Bresciano, a small Brescia bank, and in the Orlando family's Florence-based metallurgy group. The book value of Lucchini shareholdings stands at L161bn, but the market value is reckoned to be at least twice this amount.

Lucchini did not say yesterday what proportion of its shares are to be floated on the stockmarket – the group is 100 per cent controlled at present by the Lucchini family. Although the parent holding company has prepared consolidated and audited accounts for three years, accountants Arthur Andersen are now at work on the first-ever consolidated balance sheet.

The company says it cannot release a consolidated profit figure for last year, but says that cash flow came to between L115bn and L120bn.

Limited in Carter Hawley bid

By David Owen in New York

THE LIMITED, the fast-growing US clothing retailer, has renewed its bid to acquire Carter Hawley Hale, the sixth largest US department store chain, by launching a hostile $55 a share tender offer.

The bid is being made in partnership with Mr Edward Debartolo, the largest US developer of shopping malls, who was recently involved in an unsuccessful tender offer for Allied Stores, another department store group. Allied was eventually acquired earlier this month by Campeau, the Canadian property company.

The current offer, which values the Los Angeles store group at some $2.1bn, follows the recent expiration of a standstill agreement signed by The Limited after its previous unsuccessful takeover attempt. It is for cash and is subject only to acquiring a minimum two-thirds of the voting power of all classes of the stock by the year-end. By mid-morning on the New York Stock Exchange yesterday, Carter Hawley Hale shares had traded up $9 to $52¼ on heavy volume.

The Limited, based in Columbus, Ohio, launched a similar $35 a share takeover attempt in 1984 but was thwarted when Carter Hawley opted to buy back half of its common shares.

Carter Hawley financed its 1984 buyback by selling its profitable Waldenbooks division to Kmart and by issuing convertible preferred stock to General Cinema, a Massachusetts-based motion picture exhibitor and soft-drink bottler.

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Interest Period	26th November 1986 26th May 1987
Interest Amount due 26th May 1987 per U.S. $ 10,000 Note	U.S. $ 298.52
per U.S. $500,000 Note	U.S. $14,926.22

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NOTICE OF AN EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of INTERCOM will be held on Friday 5th December 1986 at 11.45 a.m. at the Registered Office of the Company, place du Trône 1, Brussels—Belgium.

SUMMARY OF AGENDA

A. AMENDMENTS OF THE ARTICLES OF ASSOCIATION

1. Adaptation of the Articles of Association to bring them in accordance with the law of 5th December 1984, particularly in order to: [illegible]
2. Adaptation of the Articles of Association to bring them in accordance [illegible]
3. Other adaptations of the Articles of Association the most important being: [illegible]
4. Modification of the wording of the Articles of Association so as to improve and update the articles [illegible]
5. Adaptation of the Flemish text of the Articles of Association to the new terminology in accordance with the Law of 28th May 1983.
6. Presentation of the Articles of Association.

B. FINAL ELECTION OF A DIRECTOR

Note: Holders of shares entitled and wishing to attend or be represented at the meeting should, at least six days before the day fixed for the meeting, deposit a certificate of their holding by an authorised depositary at one of the following banks:
— MIDLAND BANK plc, International Private Banking, [illegible], London W1Y.
— BANQUE BELGE LIMITED, [illegible], London EC2.
— BANQUE PARIBAS, [illegible], London EC2.
— BARING BROTHERS AND CO. LIMITED, 8, Bishopsgate, London EC2.
— HILL, SAMUEL AND CO. LIMITED, 100, Wood Street, London EC2.

Thereupon an admission card will be issued to them.

A member of the Company entitled to attend and vote may appoint a proxy or proxies to attend, and on a poll to vote, in his stead. Such proxy must be a member.

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INTL. COMPANIES and FINANCE

BHP strengthens its steel base

Chris Sherwell, recently at the Port Kembla steelworks of Australia's largest company, assesses prospects at the halfway stage of an ambitious five-year reorganisation plan

TO THOSE with an image of steelmaking as a dated activity, and a perception of Australian industry as too over-protected, the local newspaper headlines are a surprise. "BHP leads world as cheapest steelmaker," says one. "BHP steel most profitable in world," blares another.

The reports nevertheless reflect claims now being made by Australia's largest company, according to its figures, Broken Hill Proprietary has the lowest costs in producing semi-finished flat steel products and, over the past three years, has produced the highest total of pre-tax profit.

On ratios of pre-tax profits to sales or to assets, the company ranks behind only Dofasco, the Canadian steel producer, and Nucor, the profitable US mini-mill chain. Behind it come Nippon Steel, Sumitomo and Kawasaki of Japan, Thyssen of West Germany and the British Steel Corporation.

BHP's steel operations are its traditional core business, and represent one of its three major activities along with petroleum and minerals. Though it is small fry by comparison with the world's great steelmakers, it ranks in the top 20 and has been through as tough a period as any of them, despite its near-monopoly position at home.

As recently as the late 1970s, BHP as a whole was for many a matter of despair. Ponderous and slow-witted, its future seemed less than bright. In steel it operated outdated and inefficient plant, had high costs, suffered poor cash flows and became increasingly uncompetitive.

By 1982-83, the steel group had plunged into loss, BHP sought help from the Government and a restructuring programme became inevitable. After tough negotiations a carefully formulated five-year steel plan was agreed with the newly-elected Labor Government in 1983, and so far it has proved a success.

Now at the half-way stage, the programme has involved a slashing of steelmaking capacity from more than 9m tonnes a year to 6.8m tonnes currently. At the same time new investment began in plant, processes and technology, involving a total expenditure now put at A$1.4bn (US$903m) far more than originally targeted.

Closures of older plant meant total employment at BHP's steelworks was also cut. The number of jobs was reduced from 36,000 in 1982 to below 23,000 this year. The overall aim has been to produce better quality products with lower relative production costs.

To hear BHP officials, the results are already showing through. Use of the reduced capacity is high, the cost advantages BHP enjoys by owning its raw materials (iron ore and coal), have been reinforced, cash flows are up, and the new investment is making BHP technologically superior to its competitors abroad.

In particular, the company is about to commission a new continuous caster at its Port Kembla steelworks in Wollongong. This is said to be the only one of its type in the world, and will increase the yield of finished product per tonne of steel.

This week the BHP board is expected to decide on a steel division recommendation that it rebuild one of two blast furnaces at Port Kembla. A second one at the site is likely to be relined thereafter.

On top of this there are plans for a mini-mill of 250,000 tonnes capacity, which will compete with a Melbourne mill currently selling 200,000 tonnes of product a year. BHP's mill is likely to start construction in two years' time.

These moves will increase efficiency and productivity and, by aligning furnace capacity with that of the continuous caster at around 4.1m tonnes per year, permit increased asset use.

That in turn will allow a stronger BHP committment to export markets, where the company has hitherto tended to be an opportunistic seller on spot markets. This move will be greatly helped by the hefty depreciation of the Australian dollar since early 1985.

Currently the BHP steel group sells 24 per cent of its production to customers in 36 countries. Export sales run at about A$1bn (US$645.2m) annually, and it is estimated that each one-cent movement in the exchange rate can cause pre-tax profits to vary by some A$7m.

At home, too, there is a re-orientation of attitudes. Instead of dealing principally with an artificial "market" formed by intermediate processors who sell on to construction and engineering companies, BHP wants to get closer to the true steel customers.

That is already happening at one level, because BHP took full control of the John Lysaght coated products operation, located next door to the Port Kembla works, and has 50 per cent of Tubemakers, another processor. The aim now is to improve competitiveness at this level too, where labour and capital costs become more dominant.

In the year to May 1986, the BHP Steel group showed a net profit of A$254m, up 53 per cent on the previous year, on sales of almost A$3.7bn, up 16 per cent. The fourth improvement in a row is expected in the current year.

There are nevertheless some shadows to darken this rosy outlook. One concerns labour relations. Though disputes were reduced in number in 1984 and 1985, the trend has been reversed this year.

Related to that is productivity. Though this has improved from its 1983 level of around 175 tonnes of raw steel per employee to 280 tonnes this is thanks mainly to capital spending.

The difficulties over this coul be compounded by the rebuild ing and relining of Por Kemla's furnaces. Total produc tion, put at 6.7m tonnes for th current year and 1988, will eas back to 6.4m tonnes in 1989.

The furnace work will als limit BHP's latitude to increas exports, especially if deman remains buoyant at home. BH executives say they wish double export revenues A$2bn within a couple of year

Australia's steel mark meanwhile remains protecte The effective protection rate 12 per cent, or 19 per cent the system of bounty paymer is included. These are made buyers of certain semi-finish steel products under thr from low cost imports, but far have been well below pre-set limit.

Altogether, imports amo to about half a million ton annually, from Japan, Kor Taiwan and Brazil. B acknowledges that it can supply the whole dome market and that it is unable produce consistently the qual steel needed for cars.

On the other hand the co pany has been irritated by Government's delay in invoki an agreed "safety mechanis when local shares of the dom tic market for specified goo have fallen below 80 per ce and says a "fast-track" a dumping procedure has be ineffective.

Overall, BHP maintains t Australian prices for most st products are now competit with undumped imports, a has little reason to be worri by present imports as long as can retain its 89 per ce domestic market share. The is little doubt, however, th the second half of the steel pl will be as difficult as the firs

Singapore issues arrest warrants in NBB inquiry

BY JOYCE QUEK IN SINGAPORE

BRUNEI'S biggest banking controversy widened further yesterday when the Singapore Government for the first time acted on requests from the sultanate for assistance in its investigation of alleged improper dealings at National Bank of Brunei (NBB).

Raids by Singapore police on several offices and homes resulted in the extradition to Brunei of an NBB director and the issue of arrest warrants for three other men, all long-time associates of Tan Sri Khoo Teck Puat, the Malaysian-born financier who held majority control of NBB until its seizure by the Brunei authorities last Thursday.

Tan Sri Khoo, a Singapore resident, himself remained unaffected directly by the police action, however. In the past few days he has instead been increasing his stake in Standard Chartered Bank of the UK, where he is a director. He now holds some 6.28 per cent.

Mr Chen Ping Fan, a Singapore-based NBB director, was extradited last night under a treaty between the two countries. He is due to face charges of alleged false declaration of directors' benefits.

The three men for whom the Singapore police are searching are Mr Bobby Sim Kia Teck, said to be an NBB executive; Mr Tan Seng Kok, NBB's former general manager and now working for Tan Sri Khoo in Singapore; and Mr Chiew Sung Ching, another Khoo executive.

Mr Khoo Ban Hock, Tan Sri Khoo's son and NBB auditors Mr Andrew Peattie and Mr Bernard Soo, have already been remanded in custody until December 6 on charges of alleged false accounting and conspiracy to defraud the bank, lenders and depositors of B$1.3bn (US$609m).

Mr Sarjeet Singh, their counsel, has suggested bail of B$100m. No pleas have been taken.

Bank Bumiputra's losses show sharp increase

BY WONG SULONG IN KUALA LUMPUR

BANK BUMIPUTRA, the Malaysian state-owned bank, has reported a net loss of 291.2m ringgit (US$112m) for the 15 months to March 1986. This compares with an after-tax loss of 106.2m ringgit for the year to December 1984.

At group level, the loss was 267.6m ringgit for the period, compared with a loss of 88.8m ringgit for the 1984 year.

The change in the year-end for the bank is in line with that of Petronas, the national oil company, which owns 90 per cent of the bank.

After accounting for an extraordinary item which represents the cost of funding certain debts, previously borne by the bank, the net loss incurred by the bank and the group was reduced to 133.6m ringgit and 116.1m ringgit respectively.

The extraordinary item is believed to be the cost of funding of 1.3bn ringgit out of 2.3bn ringgit in bad debts incurred by Bumiputra Malaysia Finance, the bank's Hong Kong subsidiary, to Hong Kong proper speculators including t collapsed Carrian group.

The 1.3bn ringgit was tran ferred to Petronas as part of US$1bn rescue package September 1984, while the 1b ringgit was written off by th bank itself.

Tan Sri Basir Ismail, the bank's chairman, said Bank Bumiputra did not perform up to expectations during the 15 months under review due to the prolonged Malaysian recession.

As a result of stringent controls and emphasis on quality, total loans and advances for the bank and the group fell to 8.7bn ringgit and 9.8bn ringgit respectively, from 9.1bn ringgit and 10bn ringgit.

Total deposits of the bank rose to 9.6bn ringgit and for the group to 10.5bn ringgit, from 9bn ringgit and 9.7bn ringgit respectively. Total assets of the bank rose by 5 per cent to 16.2bn ringgit and for the group by 6 per cent to 17.5bn ringgit.

New Zealand's Chase doubles first-half profit

By Our Financial Staff

CHASE CORPORATION, the New Zealand property and investment company, more than doubled net profits in the six months to September, to reach NZ$40.98m (US$21.23m) compared with NZ$17.56m in the 1985 first half.

The interim dividend of 4 cents a share is effectively doubled as well.

Japan Tobacco's unit sales ease

JAPAN TOBACCO, the country's monopoly cigarette producer yesterday reported sales of Y1,488bn ($9.07bn) and pre-tax profits of Y79.9bn in the six months to September, its maiden first-half reporting period as a nominally private sector company, Our Financial Staff writes.

New competition from foreign brands, combined with the trend away from smoking, pulled unit cigarette sales down by 3.1bn units to 151.5bn cigarettes.

Paladin Investments in Hong Kong bid

PALADIN INVESTMENTS, a listed New Zealand company, has announced a planned cash offer for JF Special Holdings, an investment fund in Hong Kong, AP-DJ reports.

Paladin said Schroders Asia, its financial adviser, would offer 101 per cent of the net asset value of JF Special Holdings shares on a date later this year. At its present net asset value of about HK$3.20 a share, the offer would value the fund at around HK$367m (US$47m).

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Standard Chartered FRN meets a cool reception

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

STANDARD CHARTERED launched a $200m perpetual floating-rate note in the Euromarkets yesterday, but despite its apparently generous terms the deal met a cool overall reception and other floaters were marked down in sympathy.

The issue, which carries an additional $100m tap, bears interest at a margin of 15 basis points over the offered rate for six-month Eurodollar deposits in London (Libor). Total fees are 50 basis points.

Bankers said that, on most normal counts, it should have met strong demand as its terms compare favourably with those on the most recent perpetual floater, a $300m issue for Midland Bank with a margin of 10 basis points and fees of 25 points launched last week.

However, the floater market is only just convalescing from a bout of heavy price falls earlier in the month and Standard's issue appears to have overloaded it, sparking a fresh setback. The bonds themselves traded yesterday afternoon at a discount of 60 points from their par issue price, while other floaters were marked down by around 5 to 10 points.

Lead manager Credit Suisse First Boston came in for criticism in some quarters through its failure to support the issue. Dealers said it had successfully pre-placed paper with Far Eastern investors but its lack of support subsequently caused the price to erode.

Mr Joan Beck of CSFB blamed the poor performance of co-managers. "We are surprised at the way in which CSFB and its co-lead (Standard Chartered) were able to sell half the deal within the fees, the co-managers seem to have very little patience in trying to find the right kind of buyers. All they do is look for a broker bid."

Fixed-rate dollar bonds traded quietly in the morning but moved higher during the afternoon after news of a 6 per cent fall in US durable goods orders last month. The news also stimulated a marked drop in the dollar exchange markets, however, which dealers said was a barrier to retail investor demand for bonds, and price rises in Europe lagged those in the US.

Against this background a crop of new fixed-rate issues met a mixed reception.

Union Bank of Switzerland met a strong initial response to its latest $200m, seven-year offering which carries a coupon of 7½ per cent and issue price of 101. Lead manager is UBS (Securities).

INTERNATIONAL BONDS

Issues by this Swiss bank rarely have much trouble in being absorbed, even at very fine prices, since a sizeable proportion is usually bought by in-house clients of the bank. This issue, which carried a margin of 39 basis points over the equivalent US Treasury bond yield, proved no exception.

Also helped by the firmer underlying tone was a new straight issue for Daiwa Bank which is raising $100m through a seven-year 7⅞ per cent bond priced at 101⅜ and led by CSFB. But Minebea, the engineering concern, had less luck with a $100m issue carrying the guarantee of Long-Term Credit Bank. This is a five-year deal carrying a coupon of 7⅞ and an issue price 101⅞. It was quoted outside its 1⅞ per cent fees in late trading yesterday. Lead manager is Daiwa Europe.

Daiwa also launched a $100m, five-year deal for Swedish Export Credit yesterday afternoon. The 7½ per cent issue which is priced at 101⅞ came too late to trade actively, but dealers said its margin of 51 basis points over the equivalent US Treasury issue looked tight.

The star performer in the dollar sector yesterday was probably Shiseido, the Japanese cosmetics company which launched a $120m, five-year deal carrying warrants to buy its stock. Indicated coupon is 3⅞ per cent and exercise premium 2½ per cent. Shiseido is one of the rare Japanese companies whose financial ratios are strong enough to permit borrowing abroad without a guarantee and, partly on the strength of the name, the paper, which was led by Daiwa Europe, shot to an initial premium of some 6 per cent over the par issue price.

In a parallel offering, Shiseido is also expected to launch a SFr 200m equity warrant issue in the Swiss market today. The Swiss market closed slightly lower while German issues were firmer, especially at the longer end.

The stronger tone on Wall Street also prompted a flurry of issues in Continental currencies. These included two new deals in the Ecu sector which has been showing some signs of revival recently, although new issues sell only slowly as the unit includes currencies such as sterling, the French franc and Danish krone which have *not* risen as strongly against the dollar as the D-Mark.

Fiat Finance launched an Ecu 50m, five-year, 8 per cent deal priced at 101⅞ through San Paolo Bank. The deal was regarded as priced in line with current market conditions, although some dealers quoted it just outside its 1⅞ per cent fees yesterday afternoon. Aerospatiale of France, which last week launched its first international borrowing in the form of a $250m revolving credit, came to the bond market for Ecu 75m. Led by Credit Lyonnais, the deal carries a 7⅞ per cent coupon, a five-year maturity and an issue price of 100⅞.

Elsewhere, Credit Foncier launched a Fl 250m, 10-year 6½ per cent issue at a price of 100½ through Algemene Bank Nederland. Morgan Grenfell launched a LuxFr 300m, six-year 7⅞ per cent issue at par through Kredietbank. Proceeds are to be swapped into floating-rate dollars.

In the Far East, Pohang Steel of Korea launched a $75m, 10-year floating-rate note through BA (Asia) carrying interest at ⅛ per cent over six-month Libor and an issue price of par.

Japan puts foreign fund managers on the spot

By Ian Rodger in Tokyo

FOREIGN-OWNED investment management companies in Japan are chewing their fingernails over a new law that came into effect yesterday to regulate their activities.

The main problem is that the Ministry of Finance (MoF) will not be ready to issue fund management licences until next May. In the meantime, advisory companies could risk prosecution merely by carrying on doing what they are doing now. Some are also worried that the MoF may discriminate against foreign companies in the application of the new law.

The law has been created because of occasional scandals in Japanese investment fund management in the past. Until now, there has been no law in Japan covering investment advisory companies.

In theory, only trust banks, which are carefully regulated, have been allowed to engage in the discretionary management of investment funds. However, an increasing number of investment advisory companies have emerged in recent years and, in the absence of clear legislation prohibiting it, may have indulged in managing funds as well.

Inevitably, shady operators have been attracted to the business, but the legal vacuum also created an opportunity for highly reputable foreign investment management companies, many of them British. Groups such as MIM, Gartmore, Schroeder, GT Management and Baring, have all become well established in the Tokyo market.

These and other companies say they only provide investment advice in Japan, but it is widely believed that they also do some discretionary fund management. "There is a grey area," one British adviser admitted yesterday.

Now, even though they will all probably qualify for discretionary management licences, they will be in an awkward position for the next few months.

The delay in issuing the licences is apparently due to the Ministry's uncertainty about what criteria to use to regulate investment management companies. Foreign companies have submitted that the criteria should take into consideration their worldwide resources and not just their Tokyo based personnel and capital.

British Government officials, who have been following the issue carefully, are confident that the Japanese authorities will not apply the law rigorously in the transition period provided that foreign companies do not promote investment management business aggressively.

But that may be small consolation to the fund manager who is staring at the possibility of up to a year in a Japanese prison.

Anglovaal reveals terms of rights issue

By Jim Jones in Johannesburg

ANGLOVAAL, the smallest of South Africa's mining houses, has disclosed the terms of a R200m ($88.5m) rights issue foreshadowed last month by Mr Basil Hersov in his annual chairman's statement.

Holders of Anglovaal's ordinary and "A" non-voting ordinary shares are to be offered 17.46m variable-rate unsecured redeemable loan stock units at R11.50 per unit on a 400 for 100 basis. For every 100 preference shares, holders can receive 200 units.

Anglovaal Holdings (Avhold), which controls Anglovaal, has renounced its rights in favour of its own shareholders. The loan stock may be converted into preferred shares at Anglovaal's option but is otherwise not redeemable for 25 years. The loan stock bears interest at a minimum rate of 55 cents a unit but this is variable upwards in proportion to increases above R5.50 in the ordinary dividend. It is currently R4.50.

Johannesburg stockbrokers believe that the loan stock issue presages development of the group's gold prospects north of its Loraine gold mine in the Orange Free State.

Brokers also believe that the group's capital raising options were constrained by the shareholding pyramid through which the Hersov and Menell families control the group. The two families together own 4.7m of Avhold's 9.15m issued shares and Avhold, in turn, owns 50.2 per cent of Anglovaal's 1.78m ordinary voting shares. Anglovaal also has 1.78m "A" ordinary shares in issue which do not carry voting rights. Stock Exchange regulations prohibit new issues of non-voting ordinary shares and an issue of voting shares by Anglovaal could have upset the families' balance of control.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on November 25

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Express 7⅞ 93	300	97½	98	+0⅛	+0⅞	8.06
Amoco Co. 9¾ 16	200	103⅞	104⅝	+0⅛	−0⅛	9.34
Australia Com. 11 95	200	115⅞	116⅝	+0⅛	+1⅛	8.27
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Ex. OS Cr. 0 91 A$	100	57⅛	58⅛	+0⅛	+0⅞	13.31
AB Electrolux 14½ 90 A$	50	100⅝	100⅞	−0⅛	0	13.97
Bremer Ldsbk. 12⅞ 91 A$	30	98½	99⅞	0	+0⅞	13.00
[illegible]						

DEUTSCHE MARK STRAIGHTS

[illegible]

SWISS FRANC STRAIGHTS

[illegible]

YEN STRAIGHTS

[illegible]

FLOATING RATE NOTES

[illegible]

CONVERTIBLE BONDS

[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Alexander Nicoll on the fast developing global market in equities

Swedish share business lost abroad

ON THE Stockholm Stock Exchange yesterday, 39,000 shares of Pharmacia, the Swedish pharmaceutical company, changed hands. By midday in New York, 56,000 American Depositary Receipts of Pharmacia had been dealt — roughly the same amount when the difference in the securities' values is taken into account.

In London too, Pharmacia shares were being dealt. No volume figures are available for foreign shares traded away from the Stock Exchange. But market makers in London, admitting that a fair amount of guesswork is involved, deduce from the volume of their own business that the London market in the largest half dozen Swedish stocks is now larger than that in Stockholm.

The Swedish market is a small one, representing less than one per cent of the total capitalisation of world stock markets and only 3 per cent of European markets. Nor is it by any means the best performing market this year, despite a healthy advance.

But the expansion of trading in the biggest Swedish companies' shares is a classic example of how international investment flows and domestic market limitations are combining to develop a global market in equity trading.

The Swedish Government rekindled the ire of the local stockbroking and banking community earlier this year when it doubled a stock market turnover tax which the market already found irksome. With effect from July 1, buyers and sellers on the Stockholm exchange had to pay 1 per cent of a transaction's value in tax instead of 0.5 per cent previously.

The effect has been to give a substantial fillip to an already growing market in Swedish shares outside Stockholm. Leading Swedish securities trading houses have been heavily building their operations in London and elsewhere.

They have strong competition from US and European houses, particularly since April 1985 when UK stockbrokers were able to set up international dealerships operating as both market makers and as agents—anticipating the same "dual capacity" allowed in the domestic market since last month's Big Bang.

The result is that the markets outside Sweden can have a strong—and sometimes dominant—influence on the prices of leading Swedish shares. The lack of liquidity of the domestic market means that its prices have tended to become reference points, and not much more.

Several Swedish stocks have been traded in New York in the form of ADRs for some time, and that is still a very active market. Mr Peter Colmer, who heads equity trading for Svenska International in London, remarks that "you have to have a healthy respect for the prices which come up on the screens from Stockholm. But in the real leading stocks, the Swedish market takes a lot of notice of what happens in New York."

Because London trading essentially takes place in the same time zone as Stockholm, the relationships between prices in the two markets are difficult to trace. Mr Hugh Hughes, managing director of Savory Milln, says: "More and more, the prices of leading European stocks are going to be set in London."

That may take some time. What is clear, however, is that the London market is now large, hotly competitive, and considerably cheaper to deal in than domestic markets such as Sweden's.

The London Stock Exchange's Automated Quotation (SEAQ) international service now has 13 market makers, and eight Swedish stocks, with firm prices to which dealers are committed. Among leading market makers are Enskilda, Gota and Svenska among the Swedish firms, and Savory Milln and Paine Webber among the others.

The number of market makers suggests some of the surge in volume may represent inter-professional dealing rather than true end-investor interest. But brokers say they are finding greater numbers of fund managers interested. "There would have been an increase anyway in interest among international investors, because most fund managers now have a weighting for Sweden," says Mr Brian Knox of Kleinwort Grieveson Securities.

Official Swedish figures show foreign investors have been selling more shares back into the market than they have been buying. This probably reflects the extent to which foreigners have been buying shares outside Stockholm, but there probably has been some slowing of investor buying. Ms Mary Foster, of Ark Securities, says foreign investment flows into Sweden have fluctuated in recent years, but will probably fall slightly in 1986 from an estimated SKr 4.8bn in 1985—which itself represented more than a third of total flows into the Swedish market.

Proventus to buy broker

BY SARA WEBB IN STOCKHOLM

PROVENTUS, the Swedish investment company which owns 45 per cent of Gotabanken, Sweden's fourth largest bank, is to buy a local stock broker as part of its plans to expand in the financial services field.

The company has agreed to buy Jacobson & Ponsbach from Catena, a trading company with interests in real estate, manufacturing and car dealing, which is controlled by Volvo.

A senior executive at Catena said Proventus is paying between SKr 300m and SKr 400m in cash for Jacobson & Ponsbach.

Japo is the third largest broker in Sweden after Carnegie and Alfred Berg, exceeding the brokerage arms of the big banks. Last year, Japo's profits before provisions and taxes amounted to SKr 51m and, with the stockmarket boom and the fall in interest rates this year, profits are expected to exceed SKr 100m in 1986.

Bank of Finland to extend role as supplier of funds

BY OLLI VIRTANEN IN HELSINKI

THE BANK of Finland is extending its role as a supplier of funds to the banking system to the provision of longer-term credits at fixed interest rates.

Until now, the Finnish central bank has made only short-term call money available to banks. It is initially offering only three-month credits, on which it is proposing to vary both the daily volume and interest rate. It will not, at least for the time being, accept matching, longer maturity deposits from the banks.

The central bank says its move is intended to make its monetary policies more flexible and to give it a better handle on longer-term interest rates. Officials hope that, within a few months, the greater part of the banks' call money credits will be converted into the new, longer-term instruments.

Finnish bankers yesterday welcomed the central bank's decision as a useful, albeit cautious move to deepen the inter-bank market.

French plan creation of more financial markets

THE FRENCH government has decided to create new markets in sophisticated financial instruments as part of its ambitions to make Paris the leading financial market in Continental Europe, Mr Edouard Balladur, the French Economics Minister, said yesterday.

The Minister said he is particularly interested in setting up markets in stock index options as well as a market in foreign currency and European Currency Unit (Ecu) futures contracts, AP-DJ reports from Paris.

French Treasury officials have indicated recently that the government is interested in creating markets in Ecu/dollar and Ecu/Yen futures contracts.

Addressing a conference on the growing role of Paris in the international financial markets, Mr Balladur said the development of new markets in France has been made possible by the recent round of exchange control liberalisation measures announced last week.

Mr Balladur disclosed that the government intends to relax rules for managed savings instruments.

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INTERNATIONAL COMPANIES AND FINANCE

Nestlé sees profits level holding steady

BY WILLIAM DULLFORCE IN GENEVA

NESTLÉ, the Swiss foods group, expects 1986 sales of around SFr 38bn ($22.3bn), pulled down from last year's SFr 42.2bn by the depreciation of the dollar. Consolidated earnings will, nevertheless, turn out the same as, or even slightly higher than, last year's SFr 1.75bn – a "heartening" result, Mr Helmut Maucher, the managing director, said yesterday.

He declined to forecast the shareholders' dividend but doubted that the board would change its policy of letting the payout follow the profit development. Earnings per share in the holding company could show a small increase, despite the growth in share capital, Mr Reto Domeniconi, the general manager in charge of finance, said. Last year Nestlé paid SFr 145 a share and SFr 29 a participation certificate.

Group turnover for the first 10 months was SFr 31.6bn, a fall of 10.9 per cent which has to be set against the 28.2 per cent decline against the Swiss franc of the weighted average of the currencies in which Nestlé conducts its business.

A 4 to 6 per cent increase in sales volume and price increases attenuated the effect of the exchange rate changes. While sales expressed in Swiss francs increased by 11.9 per cent in value in Europe compared with the first 10 months of 1985, turnover in North America dropped by 25.4 per cent.

On all its principal markets, Nestlé claims, local currency sales grew faster than the local inflation rate, even in the US, where turnover grew by 3 per cent to $4.8bn.

The group was in a strong financial position at the end of October with SFr 5.1bn in liquid funds equivalent to more than twice its short-term debts, Mr Domeniconi said. Future growth would be largely generated in the existing businesses, Mr Maucher said, but with such comfortable financial reserves Nestlé would continue to look for profitable acquisitions.

After its $3bn purchase of Carnation, the US processed foods company, in 1984 Nestlé's appetite has been for smaller groups. This year it has made six purchases including Herta, the West German delicatessen concern, a Spanish milk company and a Swedish coffee enterprise.

It is currently negotiating the purchase of a majority holding in Vittel, the French mineral waters company, and a joint venture in Life Savers/Allen's an Australian chocolate maker.

Granada venture plans 50 stores in France

BY PAUL BETTS IN PARIS

GL DISTRIBUTION, the new joint venture between Granada of the UK and Levitan, of France, the furniture group, in the French television, video and home entertainment retail market, is to open 50 stores in France in the next five years. This is on top of the 93 retail outlets it is acquiring from the bankrupt Nasa group, a French consumer electronic goods retailer.

Mr Michel Carite, the head of the joint venture and one of the joint managing partners of Levitan, said yesterday that Levitan and Granada planned to open 10 stores a year and expected its new French consumer electronic retailing business to be profitable next year.

The partnership reflects Granada's and Levitan's respective efforts to diversify into new businesses. Levitan, which Mr Carite took over in 1984 with his partner Mr Gilbert Wahnich, has been concentrated in furniture retailing in France and has been seeking to expand into sectors with greater growth potential.

Granada has been seeking to expand in electronic brown goods retailing rather than in its traditional electronic and video hiring activities.

The Nasa deal follows Granada's recent acquisition from Ladbrokes of Laskys, the UK equivalent of the French electronic equipment retailer.

GL Distribution is taking over 93 of the 115 Nasa shops and will be keeping at least 900 former Nasa employees from a total of about 1,500. However, Mr Carite said that Levitan and Granada had agreed to offer future jobs in their respective groups to Nasa employees made redundant.

The joint venture is paying FFr 20m ($3m) for the shops it is taking over and has committed itself to spend FFr 200m to reactivate the retail chain. Mr Carite said that Levitan and Granada felt that the Nasa businesses offered good growth prospects although Nasa shops were losing money.

The problems of the retail chain, whose debts Mr Carite indicated totalled between FFr 1bn and FFr 1.5bn but which did not involve the new Granada-Levitan venture, largely resulted from too ambitious a development programme.

Mr Carite said Nasa had hired too many staff and set up a top heavy structure for a group with 115 stores in France. Nasa's former management wanted to create a network of 400 stores throughout France and become the country's leading retailer of electronic brown goods. Despite past management errors, Mr Carite said the Nasa retailing concept was promising.

In coming days the new joint venture will be negotiating buying back part of the Nasa group's existing stock of equipment, valued at around FFr 150m, Mr Carite said.

However, the priority was to ensure that the stores it was taking over would reopen next Friday in time for the crucial month of December. The joint venture is planning a major advertising campaign next month to boost sales.

Granada will initially own a 20 per cent stake in the joint venture but has options to increase its stake to 50 per cent and to acquire the remaining 50 per cent within five years

UK COMPANY NEWS
IN-DEPTH REPORTING DAILY IN THE FT

Amax expects further loss

By Kenneth Marston in London

AMAX, the major US mining and metals group, expects to make a further loss this year before taking in special items, but a profit $50m to $75m before special items has been forecast for 1987 by Mr Allen Born, the president, at a meeting of securities analysts in New York.

During the first nine months of this year the company lost some $30m before allowing for special credits, which left a profit for the period of $64m compared with a loss of $518.4m in the previous year.

Amax has now completed the acquisition of its Japanese partners' 50 per cent stake in the US Alumax aluminium smelting company. Mr Born said that the $335m cash element of the purchase consideration was covered by $175m from company funds with the rest coming from revolving bank credit.

It is hoped to reduce the Amax total debt by at least $100m annually over the next five years. Mr Born said that during the past nine months the company had reduced its outstanding debt and preferred stock by $248m and had increased cash in hand by $49m.

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A/B/C
Union Bank of Norway

IRELAND
U.S.$75,000,000
Floating Rate Notes due May, 1989/94

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the next Interest Period has been fixed at 6¼ per cent per annum. The Coupon Amounts will be U.S.$158.69 for the U.S.$5,000 denomination and U.S.$7,934.46 for the U.S.$250,000 denomination and will be payable on 28th May 1987 against surrender of Coupon No. 10.

Manufacturers Hanover Limited
Agent Bank

HALIFAX
BUILDING SOCIETY
£150,000,000
Floating Rate Loan Notes
Due 1996 (Series A)

Interest Rate 11.09%

Arvin Industries, Inc.
has acquired
Maremont Corporation
a subsidiary of
Schweizerische Aluminium AG (ALUSUISSE)
We acted as financial advisor to Arvin Industries, Inc. in this transaction.
Merrill Lynch Capital Markets
November 1986

This announcement appears as a matter of record only.

Bridas s.a.p.i.c.

U.S. $35,000,000
Medium-Term Credit Facility
For the development of the Lindero Atravesado Oil & Gas Field in Argentina

Arranged by
Chase Investment Bank

Lead-managed by
The Chase Manhattan Bank, N.A.

Funds provided by
Citibank, N.A.
Chemical Bank
Continental Illinois National Bank And Trust Company of Chicago
Bankers Trust Company
InterFirst Bank Dallas, N.A.

Agent
The Chase Manhattan Bank, N.A.
August 1986

Chase Investment Bank

This announcement appears as a matter of record only

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Property Managers
Morgan Grenfell Laurie Limited and Citibank N.A.

U.S. $95,000,000 Term Loan Facility

Arranged by
The British Linen Bank Limited
and provided by
Bank of Scotland
The British Linen Bank Limited
Standard Chartered Bank
Bank of Montreal Capital Markets Limited
Den norske Creditbank PLC
Bank of Ireland
N M Rothschild & Sons Limited

Agent
The British Linen Bank Limited
October 1986

Al

1982/83
First half:
Profit before tax £73.9m
Earnings per share 7.4p
Dividends per share 2.2p

All

1983/84
First half:
Profit before tax £90.5m
Earnings per share 8.7p
Dividends per share 2.42p

Allied

1984/85
First half:
Profit before tax £100.8m
Earnings per share 8.8p
Dividends per share 2.6p

Allied-L

1985/86
First half:
Profit before tax £122.6m
Earnings per share 11.2p
Dividends per share 3.25p

Allied-Lyons!

1986/87
First half:*
Profit before tax **£148m**
Earnings per share **14.4p**
Dividends per share **3.9p**

Forget all that gas, here's a public company that's been successful for years.

1986/87 First half:* profit before tax up 20.7%, earnings per share up 28.6%, dividends per share up 20.0%.

*INTERIM RESULTS (28 WEEKS TO 13th SEPTEMBER 1986)

UK COMPANY NEWS

Growing lager sales help Allied-Lyons hit £148m

BY MARTIN DICKSON

Allied-Lyons, the food and drinks group which spent most of the past year fighting a takeover bid from Elders IXL of Australia, yesterday reported a 20.7 per cent rise in interim pre-tax profits, to £148m against £122.6m in the same period of 1985.

The greatest increase came in the beer division, where a continued investment programme in retail outlets and low cost production facilities, coupled with a marketing drive, produced a 27.9 per cent rise in pre-tax profits in the 28 weeks to September 13, from £65.7m to £84m.

Allied said it had held its overall beer market share but had gained market share in the fast growing lager sector, which accounted for 48 per cent of its beer output in the period, against 45 per cent in the first six months of last year. Its Castlemaine XXXX and Lowenbrau brands were doing particularly well.

The wines and spirits division achieved a 3.5 per cent increase in profits, from £31.5m to £34.5m, while the food division was up from £29.3m to £34m, a rise of 16 per cent.

Sir Derrick Holden-Brown, Allied's chairman, said that the effects of the group's various efforts to improve performance in recent years were still coming through and "the prospects for the second half are for further progress."

A reduction in the tax rate meant a £46m tax charge (£43.4m) and helped produce a 28.6 per cent increase in earnings per share—14.4p, against 11.2p last time. The interim dividend is 3.9p a share (3.25p), a rise of 20 per cent.

The pre-tax figure includes £14.4m of profits from the sale of properties and investments, which is little changed from the £14.6m achieved in the same period of last year.

Turnover totalled £1.7bn (£1.71bn), but comparisons of both sales and trading profits are affected by the substantial number of acquisitions and disposals made by Allied during the year. Adjusting for these, and for foreign exchange movements, turnover increased by 12 per cent and trading profit by 15 per cent.

A £7m extraordinary charge largely represents the costs of the defence against Elders.

Allied reached agreement in September to buy a controlling 51 per cent stake in the liquor division of Hiram Walker, the Canadian company, Sir Derrick said yesterday that technical Canadian regulatory procedures over the ownership of Hiram's oil and gas interests—totally unconnected with the Allied acquisition—were delaying completion of the deal.

He said that Hiram's liquor division had suffered a downturn in profits in the year to August, after spending five years on a plateau, but there had been a significant improvement in sales in September and October.

From the day Hiram was consolidated into Allied's accounts, it would enhance earnings per share, net of financing costs, Sir Derrick declared.

See Lex

Strong response to British Gas sale

By Richard Tomkins

THE £5.6bn offer for sale of shares in British Gas appears to be generating a strong response. Thousands of completed application forms arrived by post at the receiving banks yesterday morning even before the bulk of the prospectuses had been issued.

A poll from NOP Market Research reported a 98 per cent awareness of the British Gas flotation among the population and said its findings indicated that 5.6m people were certain to apply for shares. Another 4m were likely purchasers.

If these predictions are fulfilled, the public response will almost certainly trigger the claw-back arrangements which provide for the institutions and overseas investors to have their portions of the offer scaled down.

According to the lead managers of the offerings in the US, Canada, Japan and Europe, this will leave them with far less stock than they need to satisfy the strong overseas demand. Mr Julian Summer, an executive director of Swiss Bank Corporation International, which is co-ordinating the European offering, said: "The orders we have received on an unsolicited basis mean we are several times oversubscribed already. If the clawback operates, we will be cut back from 170m shares to 102m, and we could sell all that in Switzerland alone."

In the UK, prospectuses were made available in Post Offices, banks and gas showrooms throughout the country. In the City, N. M. Rothschild, the merchant bank sponsoring the flotation, set up a stall outside its offices in St Swithin's Lane and handed out 30,000 prospectuses during the day.

● The underwriting commissions for the British Gas offer were negotiated through a competitive auction among the contenders, it emerged yesterday. The result is a commission rate of 0.175 per cent, compared with 0.375 per cent for the British Telecom offer and is lower than in any other primary offering of a privatisation issue.

BLUE ARROW has sold IMS/Kayward, US contract cleaning offshoot, based in Boston for $1.2m cash (£847,000). Mr Tony Berry, chairman, said the company intended to concentrate on its American recruitment activities.

Powell Duffryn up 28% midway

A SUBSTANTIAL cut in interest charges helped offset the costs of reorganising the shipping activities and enabled the Powell Duffryn group to lift its first half profit by 27.5 per cent, from a restated £7.87m to £10.04m.

Mr David Hubbard, chairman, said it was unlikely that the rate of improvement would be fully maintained; but having made a sound start he was satisfied that the confidence expressed in June was well founded.

The fuel distribution side had an excellent half year and accounted for the increase in trading profit. Mr Hubbard stressed that the seasonal bias towards the winter months on this side made it inappropriate to predict the outcome for the year. In the year ended March 31 1986 the group made a pre-tax profit of £22m.

Against the half year's profit was charged an exceptional £966,000 for the full cost of restructuring the shipping activities. Benefits were expected to accrue in the second half, Mr Hubbard said. Interest charges were down to £1.9m (£3.76m) reflecting the sale of the timber business in October 1985.

Earnings for period, to September 30, were ahead from 7.5p to 9.3p, and the interim dividend is raised to 4.75p (4.5p) net.

The chairman said that fuel distribution, both in the UK and France, produced lower turnover of £169m (£189m) because of the fall in oil prices, but traded well in the volatile energy markets and lifted its trading profit to £5.68m (£2.6m).

Against the background of improving demand for international petro-chemical products, bulk liquid storage increased turnover to £12.8m (£10.5m) and halted the slide in profits by making £1.88m (£1.86m). Shipping produced turnover of £41.7m (£44m) and profit of £1.5m (£2.78m).

In the engineering division short order books remained a feature of trading but profits have been maintained at £2.45m (£2.34m) from turnover £67.2m (£75.2m) in the competitive conditions of Europe and the US, aided by progress in reducing the previous loss at National Pump in Phoenix, Arizona.

Reflecting the sale of the timber business, turnover of the construction side fell to £8.9m (£37m) and profit to £1.38m (£2.05m). The sale realised over £20m cash.

A number of small acquisitions had been made costing £7m, and further opportunities for expansion were under review, the chairman stated.

Tax charge for the half year was £4m (£3m) and minorities came to £129,000 (£124,000).

● comment

Powell Duffryn has traditionally been a yield stock so a 27.5 per cent profits increase came as a welcome surprise, allowing the shares to rise 14p to 295p. All the trading profit increase came from fuel distribution where the fall in the oil price caused consumers to switch from coal, with a consequent improvement in PD's margins. A turnaround in France also added £1m. The effects of the shipping rationalisation should show through in the second half and with fuel distribution likely to maintain its improved performance, full year pre-tax profits should reach £28m this year. Getting the engineering division moving depends on this year's acquisitions generating the 20 per cent return PD is expecting but that, and the planned expansion in UK fuel distribution, is not likely till next year. In the meantime, the shares do not look expensive on a prospective p/e of 11.

David Goodhart on the McCorquodale case and the Takeover Panel

A critical test in Court three

THE FUTURE of the Takeover Panel as the purist embodiment of the City's self-regulatory faith will be decided this morning in Court 3 of the Royal Courts of Justice in the Strand.

For several years, and particularly since Big Bang (the deregulation of the London securities market) debate has raged about whether the increasingly aggressive tactics employed in the multi-million pound takeovers can be restrained by a body with no statutory authority.

The Panel has insisted that the speed, flexibility and informality of a non-statutory system is essential to its effectiveness and thus refused any formal relationship with the statute backed Securities and Investments Board, though this was offered during discussion of the Financial Services Bill, setting up the framework for deregulation.

Monday's decision by Prudential-Bache, the US securities house, to refer a decision of the Full Panel for judicial review has now dramatically thrown this argument into the limelight.

The Master of the Rolls, Sir John Donaldson, who presides today in Court 3, appears to have two crucial decisions to make. First he has to rule on yesterday's judgment by Mr Justice Hodgson that the Panel is not susceptible to judicial review—a legal process normally reserved for statutory bodies which are alleged to have misapplied their own rules or procedures. Second, if he decides it is not, is the Panel susceptible to legal control in any other way?

If he rules in favour of Pru-Bache on either point the ground rules governing takeovers will have changed forever. The Panel will no longer be seen as the final arbiter but just the first step in a legal chain.

Mr John Walker-Haworth, the urbane merchant banker who took over as director-general of the Panel for the traditional two-year term last December, has been struggling to avoid this outcome.

He told the magazine Financial Times Mergers & Acquisitions last month that bids can be regulated far more effectively by his team of 10 City professionals working from a flexible code which can be modified to suit new circumstances than from statutes set in concrete.

He said: "Takeovers are very much a moving and evolving field and large proportions of any statute could soon become outdated. One of the virtues of the Panel is that it can look at a particular situation in the light of the principles it has and devise a solution which is equitable in the circumstances."

There are several difficulties with the "hands-off" view which even supporters of the self-regulatory principle acknowledge. For example, the Takeover Code—although now running to 140 pages — is not always a very detailed document and the Panel will often stress following the spirit when the letter is unclear.

More important, all organisations make mistakes. Should there always be the opportunity to appeal to an outside authority in the event of a miscarriage of justice?

This is essentially the argument of Mr John MacArthur, former deputy head of corporate finance at Kleinwort Benson and now chairman of Pru-Bache's merchant banking division.

He denies the allegation that the move for judicial review was prompted by the far more legalistic corporate culture in America, the home of Pru-Bache. Mr MacArthur stresses his own Scottish background and professes his undying support for self-regulation.

"All we are saying is that there should be a right of appeal as there is in many self-regulatory organisations like the Jockey Club. We are making a fuss not because we are some thundering herd from the US but because we think there has been a miscarriage of justice," he said.

Mr John Walker-Haworth, director general of the Takeover Panel

The other important point raised by Pru-Bache is that when a new takeover tactic is devised—which is not addressed by the Panel's rules—it may allow through the first bid in which the issue arises and subsequently amend the rules to plug the gap.

Mr MacArthur argues that the issue at the heart of the current takeover battle between the printing groups Norton Opax and McCorquodale is just such a precedent. It concerns a new two-tier system of underwriting bids devised by Norton's advisor, Samuel Montagu, which provides far higher returns to "core" underwriters in the event of victory.

Pru-Bache, who is advising McCorquodale's management on a proposed buy-out, argues that this system provides a strong interest for core underwriters to support victory which should lead to their classification as "acting in concert" with the bidder — a category which severely restricts behaviour during a bid.

The Panel refused to do so in the McCorquodale bid—which Pru-Bache believes denied the buy-out team its victory (and cost the bank £1.4m). But gallingly, Pru-Bache believes that Panel has accepted its basic argument—and will do something about it in the rules governing future bids.

These points—if accepted—could all be made in favour of reforming the Panel without recourse to the courts. That is probably the argument favoured by Kleinwort Benson—advisers to the independent directors of McCorquodale—which has conspicuously not supported the judicial review.

Nevertheless, much of informed City opinion appears to accept that whatever the outcome of Pru-Bache's case it is inevitably another step along the path to a statutory Panel. The power and money behind big bids will demand it; and if it does not happen someone will simply ignore a Panel ruling in a crucial case—as financier Jon Raper did earlier in the decade—and the Panel will be impotent.

Ironically, however, the current case could, at least temporarily, boost the status of the Panel. This is the first-ever direct legal challenge to the Panel's authority but in several close bids in recent years contract law has been invoked by the losers. The attitude of the judiciary has been extremely unsympathetic.

If Sir John Donaldson today continues that tradition and awards costs against Pru-Bache it may keep self-regulation alive for a few more years.

Gulf bid 'woefully inadequate'

BY LUCY KELLAWAY

SHAREHOLDERS in Imperial Continental Gas have been sent a document containing 19 pages of reasons for rejecting the £750m bid from Gulf Resources, the obscure US natural resources group. It concludes that the offer is "woefully inadequate in concept, form and amount."

IC Gas has sought independent valuations of its portfolio of Belgian assets, which Gulf is proposing to sell, and of its oil interests. It argues that the 530p per share being offered is "significantly less than the true value," as well as being up to 50p lower than the market price since the bid was launched last month.

A valuation of £472m on the Belgian portfolio, and of £60m on the oil assets would imply an offer price for Calor Gas, the mainstay of the group, of £218m, placing it on a price earnings ratio of 9. This takes account neither of excellent past performance nor of good prospects, the document claims.

However, Gulf Resources yesterday declined to accept the valuation, claiming that the estimate of the Belgian portfolio was about £20m too high. It argued that the value should have been stated net of the tax effects of the sale, assumed by the document to be about £120m.

"The tax is very important, and sticking it on the back page of the glossy in small print is to put a smokescreen around the whole thing. If they can really get £470m for the Belgian assets they should have sold them a long time ago, and re-invested the money in Calor, where the returns are better," Gulf Resources said last night.

IC Gas goes to some lengths to point out the weakness of Gulf Resources, which, it reminds shareholders, is not to be confused with "Gulf, the well-known oil business."

Since Mr David and Mr Frederick Barclay, the British investing twins, took control of Gulf Resources, the company has continued to make losses. In the nine months to September this year it made an after tax loss of $0.6m compared to $0.3m in the same period of 1985, IC Gas says.

The combined trading profit of IC Gas and Gulf Resources would barely cover the interest charge, even after the Belgian interests had been disposed of, the document says.

Gulf Resources yesterday denied that there was any question of it becoming over-borrowed, claiming that after the sale of the Belgian assets, interest payments would be covered three times out of group cash flow.

Sorus ups its TV-am stake to 6.41% of equity

By Alice Rawsthorn

Quantum Overseas yesterday announced that it had increased its holding in TV-am, the USM-quoted breakfast television station, to 2.09m shares or 6.41 per cent of the equity. Quantum has bought the shares as a nominee for Sorus, the offshore investment house.

Sorus began to build up a stake in TV-am 10 weeks ago, shortly after the television company's highly successful flotation. TV-am is satisfied that Sorus perceives its holding as a passive investment.

As a non-EEC company—it is based in the Netherlands Antilles—Sorus is proscribed, by the terms of the Broadcasting Act, from holding a stake of more than 1 per cent of the equity of an ITV company without securing the approval of the Independent Broadcasting Authority.

TV-am proposes to recommend to the IBA that Sorus be allowed to retain its holding. The TV-am board is, however, in the throes of devising a policy on non-EEC shareholdings. TV-am shares closed 8p down at 205p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alexon Group	int	2	Feb 4	1.25	—	3.25
Allied-Lyons	int	3.9	Feb 27	3.25	—	9.5
Alphameric	int	§0.75	Mar 16	0.35	—	1.5
Borland†	int	**0.75	Jan 20	—	—	—
Bulmer & Lumb	int	1.65	Jan 5	1.65	—	5
Century Oils	int	1.6	Jan 30	1.5	—	5
Chancery Secs	int	‡1.1	—	—	—	1
EMAP	int	0.87	Jan 9	0.69*	—	2.2†
Fairbriar	int	1.5	Feb 10	0.75	—	3
J. H. Fenner		3	—	3	5	5
Hambros	int	2.4	Jan 12	2.2	—	7.2
Leigh Interests	int	1.4	Jan 16	1.3	—	3.75
Lister	int	0.5	Jan 23	nil	—	1
F. H. Lloyd	int	1	Jan 5	1	—	3.75
Monks Inv Tst	int	‖1.1	—	1.1	—	2.6
Powell Duffryn	int	4.75	Jan 6	4.5	—	15.2
Tomkinsons		2.75	—	3*	4	3*

Dividends shown in pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock § Unquoted stock. ¶ Partly to reduce disparity. ‖ Minimum 2.6p total forecast. ** US cents.

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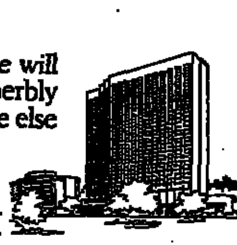

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POWELL DUFFRYN

A strong start to the year

	Half year ended 30th September 1986 £'000	1985 £'000	Year ended 31st March 1986 £'000
Turnover	299,858	355,864	722,951
Profit before taxation	10,040*	7,873	22,135
Earnings per share	9.3p	7.5p	20.3p
Dividends per share	4.75p	4.5p	15.2p

*After exceptional costs of £966,000

"The seasonal bias in our business makes it inappropriate to predict the outcome for the year but, although it is unlikely that the rate of improvement in the first half will be fully maintained, I am satisfied that the confidence I expressed in June is well founded."

David Hubbard, Chairman

POWELL DUFFRYN plc

POWELL DUFFRYN HOUSE, LONDON ROAD, BRACKNELL, BERKSHIRE RG12 2AQ.

Powell Duffryn is an industrial group with three quarters of its interests in distribution and storage, principally of coal, oil and chemicals in bulk, and one quarter in specialist engineering and the supply of concrete bricks and aggregates.

Lister

Good progress in first six months – return to interim dividend

The unaudited results for the half year ended 27th September 1986 are:

	Half year ended 27th Sept 1986 £000	Half year ended 28th Sept 1985 £000
Turnover	23,776	20,062
Profit before taxation and extraordinary items	1,254	607
Taxation	(249)	(65)
Minority interests	(2)	(2)
	1,003	540
Extraordinary items	398	—
Profit attributable to shareholders	1,401	540
Dividend on 3.5% cumulative preference shares	(10)	(10)
Dividend on ordinary shares	(83)	—
Retained profit	1,308	530
Earnings per ordinary share of 25p	6.03p	3.22p

▶ There has been good progress for the first six months in all divisions of the company. Turnover has increased by 18.5% to £23,776,000 and profit before taxation and extraordinary items has increased from £607,000 to £1,254,000.

▶ Indications for the next six months are encouraging and point to a healthy profit for the full year.

▶ The board has declared an interim dividend of 0.5p per ordinary share payable on 23rd January 1987 to members registered at the close of business on 9th January 1987.

The Group manufactures an extensive range of textile products and has interests in property, engineering and insurance broking. Textile products include yarns, velvets, curtains and cushions, rugs, fur fabrics, woollen cloths and silk fabrics.

Lister & Co. p.l.c., Manningham Mills, Bradford BD9 4SH

UK COMPANY NEWS

Non-banking interests aid Hambros' 33% profits lift

BY HUGO DIXON

Hambros, the financial services and estate agency group, yesterday reported an increase of 33.4 per cent in interim pre-tax profits.

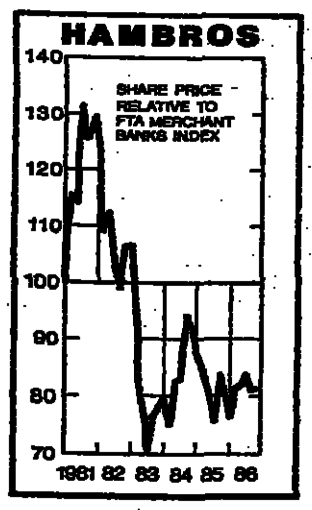
Pre-tax profits in the six months to September 30 were £25.1m, compared with £18.8m in the same period of the previous year and £43.4m in the year to March 31. Profits after taxation and extraordinary items were 19.3 per cent up at £13.9m, or 12.0p per share. The interim dividend is 2.4p, up from an adjusted 2.2p.

Pre-tax profits from the non-banking side grew 56.8 per cent to £11.6m, contributing most of the increase in profits. After transfers to inner reserves, profits from banking at £15.1m were up only 5.7 per cent.

Hambros said it had restrained its lending because of slim margins and its capital assets ratio was a high 12 per cent. The performance of general banking had been poor because of high short-term interest rates. However, fund management, foreign exchange dealing and corporate finance were all doing well.

On the non-banking side, insurance broking contributed profits of £3.9m, up 47.2 per cent. Most of these were from Fielding Insurance, the insurance broker of which Hambros owns 81 per cent and which is being merged with C. E. Heath, the larger broker.

Hambros' recently-acquired loss adjusting business contributed profits of £1.5m. Profits from stockbroking — Hambros owns 29.9 per cent of Strauss Turnbull—were down 37 per cent at £0.9m.



Profits from Hambro Countrywide, the UK's largest estate agents, 60 per cent owned by Hambros, were £3.2m. However, this only covers the three months to June 30; profits for the most recent six-month period were £6.2m.

Hambros expects to enter the mortgage market next year, using its estate agency contracts, and hopes to be making loans of £100m a year. The £50m borrowed from Istituto Bancario San Paolo di Torino, the Italian bank which took a 6.4 per cent stake in Hambros in October, have been earmarked for this purpose.

● comment

Hambros does deserve some praise for its interim figures—for producing them at all. But despite the rise in pre-tax profits, the stockmarket finds it hard to get enthusiastic about the shares, which fell 3p yesterday to 232p. The problem is that earnings per share this year will be hard pressed to make much gain on even the restated 24.7p of last year. The basic banking business is being conservatively run, probably rightly but with the result that the balance sheet is being underworked. Though other parts of the merchant bank are doing better, and the comparable half was a good one, the result is not inspiring. The non-banking side has been buoyed by profits from acquisitions—which all seem to be performing well—but as many of these are not 100 per cent-owned and thanks to the share issues, the bottom line does not look so exciting. The decision to equity account the 17 per cent stake in the new C. E. Heath / Fielding group will accentuate the difference. With an £8m investment gain likely in the full year, profits should push up towards, though not reach, £60m (£43.4m) but earnings per share of 25p give an unenticing p/e of 9.3. Though San Paolo Bank's purchase of a 6½ per cent stake has relieved some of the technical overhang in the market the shares are unlikely to run.

BellSouth agrees to buy Dataserv in deal worth £68m

BY PHILIP COGGAN

BellSouth, US telecommunications giant, has agreed to acquire Dataserv, US-based but London-listed computer maintenance and leasing company in an all-share deal worth about £68m.

Dataserv's shares were suspended on November 17 when it announced its involvement in bid discussions. It joined the stock market in December 1983, with capitalisation of about £18m. Since then, the company has greatly increased its maintenance operations and in the year to December 31, 1985 made pre-tax profits of $6m (£3.88m).

But expansion involved heavy borrowings, with gearing reaching 700 per cent before June's £8.6m rights issue. Acquisition by BellSouth will give Dataserv access to Bell's massive capital resources.

BellSouth was one of the companies spun off from American Telephone and Telegraph in 1984, and has a capitalisation of about $18bn.

Keen to expand into Europe, it announced in September the establishment of a UK operating subsidiary. It has also bought a stake in Air Call, UK radio communications company, and the cellular radio customer base of National Radiofone.

Although Dataserv does the bulk of its business in the US, it has substantial European operations, bolstered by the recent £4.2m purchase of Compel.

Bell is offering one share for every 20 Dataserv, which values its shares at 205p, compared with the 170p before the suspension. The four principal shareholders in Dataserv, which own a total of 29.4 per cent, have irrevocably agreed to vote in favour of the plan.

Readicut £12.5m deal

BY MIKE SMITH

Readicut International, the specialist textiles group, yesterday announced plans to buy F. Drake (Fibres), a polypropylene fibre manufacturer, for £12.5m.

The deal will largely be financed by the issue of 27.4m new shares, 6.46m of which will be retained by the vendors and the rest of which will be offered to shareholders under a clawback arrangement.

F. Drake Fibres, which was privately owned, has increased profits eightfold in the last four years. In the 12 months to the end of August it achieved £2.33m pre-tax on turnover of £14.48m. Net assets were £3.28m, including £1.3m in cash.

The acquisition gives Readicut the opportunity to decrease its reliance on the cars industry, which last year provided about 20 per cent of turnover and profits.

In the six months to the end of September the company increased pre-tax profits to £3.02m

Schroders has placed 20.9m of the new shares with institutional investors, but existing shareholders will be able to buy the equity at the placing price of 40p per share in the ratio of 10 for each 49 held.

Williams Hldgs. in sell-off

BY NIKKI TAIT

Williams Holdings, the mini-engineering conglomerate which made a £60m agreed offer for London and Midland Industrials in the summer, is selling 21 operating subsidiaries back to existing management. The deal will benefit Williams' cash position by around £20m.

About two-thirds of the subsidiaries involved were previously part of the LMI group. Two were part of the existing Williams Group when the current management — chairman Mr Nigel Rudd and managing director, Mr Brian McGowan—acquired a controlling stake in 1981.

The management group which is buying out the subsidiaries is headed by two former divisional directors of LMI, Mr Clive Mayhead and Mr Mel Hawley. Their newly-formed company, Haleworth, will pay approximately £2m for the businesses—£1.2m later this month and the remainder in early 1987. However, Haleworth will also take on net bank borrowings of £8m and will repay inter-company loans of £10m.

Once the deal is complete, Williams estimates that its gearing should drop from the current 20 per cent level to a negligible figure.

Net assets of the subsidiaries being sold are approximately £5m. The eight companies previously in the Williams Group made pre-tax profits of £370,000 in 1985, out of the £6.35m total.

Yesterday, Williams shares rose 39p to 577p on the news.

Tarmac in £16m US acquisition

Tarmac, the quarry products, housebuilding and construction group, yesterday announced that it was adding to its US aggregates, black top and ready mixed concrete interests with the acquisition of Ellis Transportation Company of the US.

Tarmac is paying $22.5m (£15.75m) in cash for the company which operates in Arizona and Southern California. It owns the Massey Sand and Rock Company, which includes Palm Springs in its business area.

Ellis's aggregates production amounts to about 2m tonnes, about 70 per cent of which is used internally for ready mixed concrete.

AMERICAN BARRICK RESOURCES CORPORATION

Nine Months' Results

- *Increased profits for third quarter*
- *Increased working capital*

Financial Data	1986 Nine months ended September 30 (Can $000's)	1985 Nine months ended September 30 (Can $000's)
Revenue	65,344	29,655
Operating income	26,874	9,084
Net income	11,357	1,103

Operating Data	1986 Total Production (oz's)	1986 Barrick's Interest (oz's)	1986 Cash cost per ounce (US $)	1985 Total Production (oz's)	1985 Barrick's Interest (oz's)	1985 Cash cost per ounce (US $)
Mercur Mine, Utah (1)	85,332	85,332	189	68,299	26,753	206
Camflo Mine, Quebec	24,086	24,086	217	25,710	25,710	214
Renabie Mine, Ontario	27,216	13,608	223	21,889	10,945	227
Pinson Mine, Nevada (2)	60,180	15,797	155	53,477	6,134	184
Valdez Creek, Alaska	7,115	1,645	202	20,395	4,716	200
Total	203,929	140,468	194	189,770	74,258	210

(1) Acquired June 28, 1985 (2) Barrick's interest increased from 11.5% to 26.25% December 31, 1985.

Per Share Data	1986 Nine months ended September 30	1985 Nine months ended September 30
Cash flow from operations	Can $0.80	Can $0.51
Income	Can $0.57	Can $0.05
Common shares outstanding	22,096,455	19,480,123

Net income before extraordinary items for the nine months ended September 30, 1986 was $11,357,000 ($0.57 per share, $0.55 fully diluted) on revenues of $65,344,000 compared to net income before extraordinary items of $403,000 ($0.02 per share) on revenues of $29,655,000 in 1985. Third quarter net income was $4,225,000 ($0.21 per share) on revenues of $21,404,000 compared to third quarter net income before extraordinary items of $623,000 ($0.03 per share) on revenues of $19,316,000 in 1985. Final net income for the nine months ended September 30, 1985, including an extraordinary realisation of income tax benefits, was $1,103,000 ($0.05 per share). There were no extraordinary items in 1986.

Record production of 140,468 ounces was achieved for the first nine months compared to production of 74,258 ounces in the first nine months of 1985, and average cash operating costs reduced to US$194 from US$210 per ounce. Production during the first nine months was virtually without contribution from Valdez Creek which experienced operating problems in the third quarter.

Barrick's working capital increased during the first nine months to a surplus of $43,669,000 as at September 30, 1986 from a deficit of $3,260,000 as at December 31, 1985. This increase was after capital expenditures of $22,352,000 and resulted from cash flow generated from operations of $15,894,000, the completion of a $13,667,000 mine equipment financing and a $43,000,000 equity and gold purchase warrants financing underwritten by Merrill Lynch Canada Inc. In October 1986 Barrick issued a 5¼% US$50 million commodity bond underwritten in the Eurobond market by Banque Paribas Capital Markets Limited.

American Barrick Resources Corporation is one of the top ten gold producers in North America. It has interests in five North American gold mines, which have an annual production of approximately 300,000 ounces of gold. Of this production, 200,000 ounces accrue directly to Barrick. Barrick is listed on the Toronto, Montreal and Paris stock exchanges.

Head Office, 24 Hazelton Avenue, Toronto, Ontario, Canada M5R 2E2.

This announcement appears as a matter of record only

Bank of Tokyo (Curaçao) Holding N.V.

(Incorporated with limited liability in the Netherlands Antilles)

U.S. $ 100,000,000

7 5/8 % Guaranteed Bonds due 1993

Unconditionally and irrevocably guaranteed as to payment of principal and interest by

The Bank of Tokyo, Ltd.

(Kabushiki Kaisha Tokyo Ginko)

(Incorporated with limited liability in Japan)

Société Générale

Bank of Tokyo International Limited

County NatWest Capital Markets Limited — Crédit Suisse First Boston Limited

Morgan Guaranty Ltd — Orion Royal Bank Limited

S.G. Warburg Securities

September 1986

HAMBROS PLC INTERIM RESULTS

Continued progress...

Group profits show a satisfactory increase over last year.

Banking companies have all reported increased profits at home and overseas.

Non-banking profits show a significant increase, despite estate agency profits not being accounted for the full period.

Increased interim dividend of 2.4p per 20p share.

...with plans for the future developing well.

"We have taken the first steps in our European strategy including forming our association with Istituto Bancario San Paolo di Torino. Hambro Countrywide continues to expand and Cunningham Hart has gained national coverage. Our controlling interest in Fielding Insurance is being merged with the major UK insurance brokers C.E. Heath and we retain a significant interest in the enlarged group.

All companies in the Group continue to be very active and to perform satisfactorily."

Charles Hambro, *Chairman*

HAMBROS

Copies of the Interim Report for the half year to 30th September 1986, including an unaudited consolidated profit and loss account, are being posted to shareholders. If you would like a copy, please write to Peter Patrick, Hambros PLC, 41 Bishopsgate, London EC2P 2AA.

ANGLOVAAL LIMITED

("The Company")
Reg. No. 05/04580/06

PROPOSED RIGHTS OFFER BY THE COMPANY OF UNSECURED VARIABLE RATE SUBORDINATED LOAN STOCK ("THE LOAN STOCK")

UAL Merchant Bank Limited ("UAL") is authorised to announce that the salient terms of the rights offer and the loan stock, referred to in the announcement dated 13 November, are as follows:

TERMS OF THE RIGHTS OFFER BY THE COMPANY

Number of Loan Stock Units to be Issued	:	17 456 020 loan stock units of 1 150 cents each
Issue Price	:	at par, i.e. 1 150 cents per unit
Ratios of Rights Offer	:	400 units of loan stock for every 100 ordinary or 'A' ordinary shares held in the company
	:	200 units of loan stock for every 100 participating 5% preference shares held in the company

It is expected that the last day to register in order to participate in the rights offer will be Friday, 9 January 1987, and that the rights offer will close on Friday, 6 February 1987. Further announcements in this regard will be published at the appropriate times.

As the variable rate loan stock will not be registered with the Securities and Exchange Commission, Washington D.C. or the Securities Commission of Canada, the rights offer is not being made to ordinary, 'A' ordinary and participating 5% preference shareholders of the company whose addresses appearing in the share registers are within the United States of America or Canada. The rights which would otherwise have been allocated to such persons will, if possible, be sold on The Stock Exchange, London on their behalf and the net proceeds of such sale remitted to them in U.S. or Canadian dollars, as appropriate.

UNDERWRITING

The rights offer has been underwritten by UAL.

TERMS OF THE VARIABLE RATE LOAN STOCK

Rate and Payment of Interest

A minimum annual interest payment of 55 cents per unit of loan stock is payable. The amount of interest payable in respect of any financial year will be varied above that minimum in proportion to any increase in the dividend paid on the ordinary shares of the company above 550 cents per share in respect of the financial year in question.

The minimum annual interest rate gives rise to a minimum yield of 4.78% on the issue price of the loan stock.

The first interest payment will be made on 31 July 1987 and will be calculated on a daily basis from the closing date of the rights offer to 30 June 1987, both days inclusive. Thereafter interest will be paid half-yearly in arrear on 31 January and 31 July in respect of the six months period ending on the previous 31 December and 30 June respectively.

Status of the Variable Rate Loan Stock

The loan stock will be subordinated to the claims of other creditors.

Redemption of the Loan Stock

The loan stock is redeemable at the instance of the loan stock holders, at par, in June of the year following the financial year in which a special resolution of loan stock holders is passed requiring the loan stock to be redeemed. The redemption date may not, however, be earlier than 25 years after the date of allotment of the loan stock.

Repayment of the Loan Stock

The loan stock will only become repayable after a shorter period on the winding-up of the company or upon the company breaching a term of the trust deed governing the loan stock in such manner that the loan stock becomes repayable.

Upon the loan stock becoming repayable, the holders of the loan stock will, subject to the rights of unsubordinated creditors, be entitled to receive the par value of and any interest unpaid on the loan stock and their proportionate share of any increase in the consolidated net asset value of the company above the net asset value at 31 December 1986.

Conversion of the Loan Stock

The loan stock is convertible, at the instance of the company, into variable rate preference shares which have terms equivalent to, mutatis mutandis, the loan stock. The circumstances entitling the conversion to take place include, inter alia, a change in legislation generally or tax laws in particular, which in the opinion of the directors of the company, due to the continued existence of the loan stock, would be to the detriment of the company.

GENERAL AND CLASS MEETINGS OF SHAREHOLDERS OF THE COMPANY

In order to make provision for the conversion right referred to above, it will be necessary to increase the authorised share capital of the company by the creation of the variable rate preference shares. For this purpose class meetings of ordinary, 'A' ordinary and participating 5% preference shareholders of the company and a general meeting of the company will be convened on 9 February 1987.

CONDITIONS PRECEDENT

The Rights Offer is Conditional Upon:

(i) The registration by the Registrar of Companies of the rights offer documents, and
(ii) Delivery of the documents relating to the rights offer to the Registrar of Companies in London for registration, and
(iii) The granting by the Johannesburg Stock Exchange of listings for the renounceable letters of allocation pertaining to the loan stock and for the loan stock.

Application will not be made to The Stock Exchange, London, for listing of the loan stock, either nil paid or fully paid. Dealings may, however, be possible in terms of rule 535.4A which permits dealings where the principal market is outside the United Kingdom and the Republic of Ireland.

UAL Merchant Bank Limited
Reg. No. 55/03181/06
(Registered Bank)
A Member of the Nedbank Group

Anglovaal Limited and UAL Merchant Bank Limited are incorporated in the Republic of South Africa.
25 November 1986

UK COMPANY NEWS

Remedial action gives Fenner a lift

J. H. Fenner (Holdings), power transmission engineer, recovered further lost ground through the second six months of the 1985-86 year and for the full 12 months increased its *profits from a depressed £3.96m* to £4.77m pre-tax, an improvement of 20 per cent.

The directors said that although the trading environment at home and overseas had been extremely difficult throughout the year, good progress had been made in a number of important areas.

They noted in particular that the problems associated with power transmission manufacturing appeared to be responding to the comprehensive remedial action which had been applied over the past two years.

The new unit production system for the manufacture of *engineering products* was now fully operational and generating positive cost benefits and furthermore, economies had been obtained by a stringent reappraisal of group administrative costs.

As a result of these measures, a further annual cost saving of £3m had been achieved at the main manufacturing site in Hull.

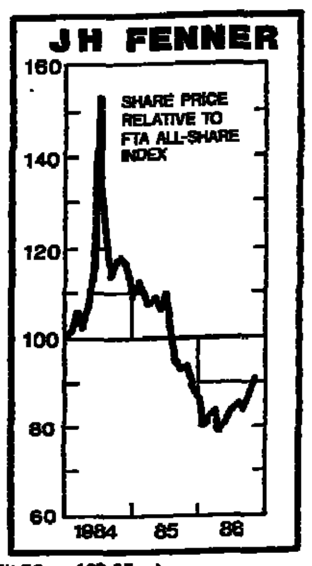
For the past year (to August 30, 1986) group turnover amounted to £145.69m (£151.73m after allowing for the disposal of the materials handing business).

The effects during the period of a strong pound in major overseas markets further reduced turnover by some £16m on translation into sterling. The divestment together with currency movements were significant factors in a £826,000 fall in *operating profits to £9m.*

The pre-tax results benefited from a profits contribution of £172,000 (losses £281,000) from the associates and a £1.18m reduction in interest charges to £4.4m.

Earnings amounted to 9.12p (7.56p) after tax of £1.175m (£1.44m). A final dividend of 3p makes a same-again total of 5p net.

Extraordinary debits rose to £2.56m (£2.05m).



• comment

Fenner has the £6m it got for the sale of its materials handling business to thank for the fall in interest payments which enabled these results to beat those of 1984-85 on a pre-tax basis. Net debt at the year end was down to £28m, two-thirds of shareholders' funds. Cost cutting has also been continuing and in addition to the 350 jobs that went with the disposal another 650 have also been cut, taking Fenner's workforce down to 4,150. This year profits could reach £8m at a push—gaining from the elimination of the almost profitless turnover on the sold unit, the continuation of lower interest charges and a £3m fall in costs. Supporting the shares for some time has been bid speculation rather than performance. However, Emerson Electric has sworn that it will not make an offer for Fenner before December 1987. The shares cost the US company 150p each in 1985, and the only viable alternative in the short-term is for it to find another pair of hands willing to pay over yesterday's 142p. Otherwise the shares look overvalued on a prospective p/e of 9.

Fairbriar profits advance 26%

BY GARY EVANS

Fairbriar, the Surrey-based property developer which came to the market in October 1985 increased pre-tax profits by 26 per cent from £1.22m to £1.54m in the six months ended September 30 1986. Turnover rose 19 per cent to £4.38m.

Mr Remo Dipré, the chairman, said yesterday that current trading was very much in line with the projection made at the AGM. "The market is good and we are looking for a very satisfactory year."

First-half earnings per 10p share rose to 5.64p (4.37p). The interim dividend is 1.5p net, an increase of 100 per cent on the previous year's special 0.75p interim, or 20 per cent up on what the company considered would have been a normal interim had it been public for the whole period.

Pre-tax profits in the year ended March 31 1986 rose sharply to £3.32m (£2.17m)—some 7 per cent ahead of the *prospectus forecast.*

Reviewing progress on the company's major developments since the year-end, the chairman said yesterday that the Richmond site was well under way, with the first units now complete and being marketed. At Kingswood, development work had commenced and the first units were expected to be available for marketing early in 1987.

The company continued to expand its site in Uckfield by the acquisition of adjacent plots, while planning consent was awaited for the development at Haywards Heath. In addition, Fairbriar was actively pursuing many other potential sites.

Leigh Interests ahead 19%

Increased clay sales and a satisfactory performance in its mainstream environmental activities were behind a 19 per cent increase in interim profits at Leigh Interests, the environmental services and builders' merchanting group.

Pre-tax profits for the half-year to September 30, 1986, rose from £720,000 to £855,000, on turnover ahead 5 per cent at £20.3m. Earnings per 5p share edged ahead to 3.1p (3p) and there is an interim dividend of 1.4p (1.3p) net—last year's total payment was 3.75p on £1.62m profits.

Mr W. M. Pybus, the chairman, said that as anticipated in his last annual report, there was weak demand in the oil recovery business, together with losses on some of the remaining businesses of the MJI Corporation.

The programme of disposals of non-environmental activities of MJI was nearing completion and trading losses had consequently ceased. The value of disposals completed or agreed to date totalled £6.7m, of which some £3.5m remained to be paid on deferred terms.

The chairman believed that for the year as a whole the company was well placed to sustain the profitable progress of the last three years.

Record £1.86m for Tomkinsons

Tomkinsons, the Worcestershire-based carpet manufacturer, reported profits up 69 per cent to a record of £1.86m for the year ended September 27 and stated its commitment to expansion through acquisition as well as organic growth.

Turnover increased by 19 per cent to £20.06m, while trading profit was £1.87m (£1.23m). Interest charges dropped to £16,000 from £127,000 thanks to strong cash flow, said Mr Lowry Maclean, chairman.

The group had achieved all its major targets, he said—strengthening its market leadership, continuing the capital investment programme begun in 1983, and strengthening its financial base by retained profit and management of working capital.

Tomkinsons' compound growth rates for sales and profits were organically generated, with the growth in dividends closely matching that for earnings per share.

The company planned further investment and development at its two Worcestershire manufacturing sites and would continue to look for suitable opportunities for acquisition.

"The group will not be complacent following its successes in the past few years and is pushing hard to maintain established trends," he said.

Earnings per share rose 7.53p to 20.18p. The final dividend is 2.75p, which will make a total of 4p for the year, an increase of 33 per cent when adjusted for the capitalisation issue.

Century Oils static at £2.5m for first half

Century Oils Group reported a static half year with pre-tax profits virtually unchanged at £2.54m, against £2.51m last time. Turnover for the six months edged up from £44.37m to £45.58m.

UK results were lower, being temporarily affected by the additional costs of the company's development programme. This was on target and benefits were expected to begin from the start of 1987.

In the US, completion of the major reorganisation of production and distribution facilities resulted in a return to profit, which was in line with the board's expectations.

The Belgian company also produced a significant improvement and record profits.

In the light of current developments, particularly in the markets for higher value specialised products, the company was confident that momentum was being maintained in spite of the effects of the significant drop in the price of petroleum products.

Petroleum products constitute over 50 per cent of the company's product content.

After reduced tax of £0.86m (£1.08m) earnings per 10p share rose from 5.61p to 6.64p. The net interim dividend is increased to 1.6p (1.5p).

Lister more than doubled at £1.25m in first half

Lister & Company, the branded homeware and fashion textile group, more than doubled pre-tax profits from £607,000 to £1.25m for the half-year to September 27 1986. Turnover rose 18.5 per cent to £23.78m.

Mr Justin Kornberg, the chairman, said there had been good progress in all divisions. Indications for the next six months were encouraging and pointed to a healthy profit for the full year. Last year, taxable profits jumped to £2.12m (£765,000).

With stated half-yearly earnings per 25p share up from 3.22p to 6.03p, the company is paying an interim dividend of 0.5p (nil)—normally only a *single final payment (1p last year)* is made each year.

First-half tax charge was £249,000 (£65,000). After minorities and an extraordinary credit of £398,000 this time, the attributable surplus was *substantially higher* at £1.4m, against £0.54m. Dividends absorb £93,000 (£10,000).

Fletcher King boost

Fletcher King, the London-based commercial estate agent which is seeking a full listing on the stock market, has had a strong response to its offer for sale.

The offer of 2.3m shares, a third of the equity, at 175p a share closed yesterday substantially oversubscribed — by some estimates, about 20 times. Details of the allocation will be announced today.

Yearlings

The interest rate for this week's issue of local authority bonds is 11 1/16 per cent, up 1/4 of a percentage point from last week, and compares with 11 1/16 per cent a year ago. The bonds are issued at par and are redeemable on December 2, 1987.

A full list of issues will be published in tomorrow's edition.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

Introduction to The Official List

ALIDA HOLDINGS plc

(Incorporated in England under the Companies Acts 1948 to 1981. Registered Number 1734308)

SHARE CAPITAL

Authorised		Issue and fully paid
£4,000,000	in Ordinary Shares of 25p each	£2,791,804.75

Alida Holdings plc ("Alida") is engaged in the manufacture of polythene packaging products, the reclamation and reprocessing of plastic waste and the merchanting and distribution of general packaging products and plastics raw materials.

Application has been made to the *Council of The Stock Exchange* for the whole of the issued Ordinary Share capital of Alida, now dealt in on the Unlisted Securities Market, to be admitted to the Official List. It is expected that dealings will commence on the 1st December 1986.

Listing Particulars relating to Alida are available in the Extel Statistical Service and copies of such particulars *may be obtained* during normal business hours up to and including 28th November 1986 from the Company Announcements Office, The Stock Exchange, London EC2 and up to and including 10th December 1986 from Alida, Heanor Gate, Heanor, Derbyshire DE7 7RG and from:—

Singer & Friedlander Limited
21 New Street, Bishopsgate,
LONDON EC2M 4HR

and

L. Messel & Co.
1, Finsbury Avenue,
LONDON EC2M 2QE

26th November 1986

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E
146	118	Ass. Brit. Ind. Ord.	135	—	7.3	5.4	8.3
151	121	Ass. Brit. Ind. CULS	147	—	10.0	6.8	—
46	28	Armitage and Rhodes	38xd	—	4.2	11.1	5.3
71	64	BBB Design Group (USM)	64	−1	1.4	2.2	18.2
205	108	Bardon Hill Group	205	+1	4.6	2.2	23.3
92	42	Bray Technologies	92	—	4.3	4.7	10.9
201	75	CCL Group Ordinary	131	+1	2.9	2.2	9.3
152	86	CCL Group 11pc Conv. Pref.	107	—	15.7	14.7	—
256	80	Carborundum Ord.	256xd	—	9.1	3.6	12.4
94	83	Carborundum 7.5pc Pref.	93	—	10.7	11.5	—
32	20	Frederick Parker Group	22	—	—	—	—
125	50	George Blair	90	—	3.8	4.2	2.3
94	20	Ind. Precision Castings	94xd	—	6.7	7.1	8.4
218	154	Isis Group	154	—	18.3	11.9	8.9
126	101	Jackson Group	126xd	—	6.1	4.8	8.6
377	228	James Burrough	365	−1	17.0	4.7	10.3
100	85	James Burrough 9pc Pref.	93	—	12.9	13.9	—
1036	342	Multihouse NV (AmstSE)	800	—	—	—	41.9
380	260	Record Ridgway Ordinary	374	—	—	—	6.7
100	87	Record Ridgway 10pc Pref.	87	—	14.1	16.2	—
90	32	Robert Jenkins	85	—	—	—	3.7
38	28	Scruttons "A"	37	—	—	—	—
130	66	Torday and Carlisle	130	—	5.7	4.4	7.9
370	320	Trevian Holdings	342	—	7.9	2.3	7.1
78	25	Unilock Holdings (SE)	78	+1	2.8	3.6	14.4
102	47	Walter Alexander	100	—	6.0	6.0	9.8
226	191	W. S. Yeates	196	—	17.4	8.9	19.5
98	67	West Yorks. Ind. Hosp	93	—	5.6	6.0	13.3

Granville & Co. Limited
8 Lovat Lane, London EC3R 8BP
Telephone 01-621 1212
Member of FIMBRA

Granville Davies Coleman Limited
27 Lovat Lane, London EC3R 8DT
Telephone 01-621 1212
Member of the Stock Exchange

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the ordinary share capital of the Company in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing.

Halls Homes & Gardens PLC

(Incorporated in England under the Companies Acts 1948 to 1981. Registered Number 1610954)

Placing by
Citicorp Investment Bank Limited
of
3,157,894 Ordinary Shares of 5p each at 95p per share

SHARE CAPITAL

Authorised		Issued and to be issued fully paid
£704,600	in Ordinary Shares of 5p each	£506,407
£1,000,000	in Cumulative Redeemable Preference Shares of £1 each	£835,000

The Ordinary Shares now being placed will rank *pari passu* in all respects with the existing issued Ordinary Shares including the right to receive all dividends and other distributions declared or paid on the ordinary share capital of the Company.

Halls' principal activities are the design, manufacture and distribution of a range of conservatories, garden buildings including greenhouses and home improvement products. Halls is the market leader in the UK for garden buildings and the joint market leader for aluminium conservatories.

Schroder Securities Limited has placed 2,368,394 Ordinary Shares with its clients and 789,500 Ordinary Shares with Alexanders Laing & Cruickshank for distribution to their clients, as part of the Placing arrangements.

Particulars relating to the Company are available in the Extel Statistical Service and copies of the Prospectus may be obtained during normal business hours on any weekday, Saturdays excepted, up to and including 16th December 1986, from:

Citicorp Investment Bank Limited
335 Strand,
London WC2R 1LS

Schroder Securities Limited
120 Cheapside,
London EC2V 6DS
26th November 1986

CL

On 1st December 1986 the
MAIN SWITCHBOARD NUMBER
of our UK head office at
84-94 Queen Victoria Street, London EC4P 4LX
will change to

01-634 8000

EXISTING DIRECT LINES WILL NOT CHANGE

Please continue to use the following:

Currency/Foreign Exchange . . 01-236 8291-6
Sterling/Money Markets 01-236 9981-6
Eurobonds 01-248 3596
Fax number 01-489 1559

CL CREDIT LYONNAIS

EMAP profit rise reflects growth in all divisions

EMAP, the magazine, newspaper and exhibition group, saw pre-tax profit rise by 33 per cent from £4.2m to £5.6m in the half year to October 4, 1986. During the same period turnover moved only slightly ahead from £54.9m to £55.6m after the disposal of businesses during the second part of the last financial year.

Mr Frank Rogers, EMAP chairman, said that the increase in turnover represented a significant increase on the continuing businesses. He added that the company had seen growth in all four core divisions—consumer magazines, business magazines, newspapers and printing and exhibitions.

He said the group had set up a new division, EMAP Metro, in London to handle its teenage, music and young women's titles. And EMAP Frontline had been established to deal with circulation and marketing.

He reported the successful launch of Q magazine and said sales and advertising bookings were ahead of budget; the acquisition of Minicomputer News and the launch of The Mortgage Business; the conversion of Fleet News into a weekly newspaper. Exhibitions division made progress and there was significant expansion of the newspaper and printing division following the acquisitions of Scarborough and District Newspapers and Bedford County Press which had boosted newspaper turnover by 40 per cent and were already contributing to profit.

Mr Rogers said that the launch of The Independent had contributed to the group's contract printing business which is printing a significant proportion of the paper's circulation.

Extraordinary items included the cost of business closures relating to group transport and contract typesetting and amounted to £497,000 (nil). After tax charges of £2m (£1.6m), earnings per 25p ordinary share worked through at 3.32p (2.48p) adjusted.

The group declared an interim payment of 0.87p, up from all adjusted 0.69p last time.

Maxwell has 19.3% in Central TV

Mr Robert Maxwell's privately-owned Pergamon Holdings has acquired a further 524,862 shares in Central Television, the USM-traded TV contractor. The purchases increase Mr Maxwell's stake from just over 17 per cent to 19.33 per cent.

Scope for Pergamon to increase its holding in Central results from proposals last month to enfranchise the non-voting Central shares. Holders of the voting shares enjoyed a 10-for-one scrip to compensate for dilution of voting right, plus permission to hold and vote up to 20 per cent of he new enlarged equity. Stakes belonging to two major shareholders—Ladbroke and D. C. Thomson—were already at the 20 per cent level. However, Pergamon held 13.8 per cent of the voting shares and 12.4 per cent of the ordinary, and has been to increase its stake accordingly.

Strong start by Alphameric

STRONG TRADING by all three of its divisions resulted in pre-tax profits for the six months to the end of September 1986 more than trebled at Alphameric. And Mr Dougal Craig-Wood, chairman, is looking for an equally vigorous second half.

The computer keyboard, viewdata terminal and information systems divisions all traded at best-ever levels. Terminals and systems were both helped by the Big Bang in the City with shipments of terminals to the Stock Exchange for the SEAQ/TOPIC systems at a high level and a stimulation of demand for dealing room systems.

Pre-tax profit improved from £512,000 to £1.73m on turnover almost doubled at £9.9m (£5.06m). Earnings per 5p share came out at 7.95p (2.28p) and the interim dividend is being raised to 0.75p (0.35p), partly to reduce disparity and partly to reflect the first half performance and the directors' confidence in the future.

The chairman said the group had achieved a more balanced trading pattern adding that the order book which stood at £8.3m at the end of the period following shipments in the first half of £10m indicated an absence of seasonality in the current year.

Operating profit came out at £1.71m (£508,000) and the pre-tax figure was struck after interest received of £18,000 (£4,000). The tax charge was £619,000 (£172,000), minorities took £8,000 (£19,000 credit) and dividends absorbed £106,000 (£49,000) to leave retained earnings at £1.01m against £272,000.

● comment

Is the party over for Alphameric? It hardly appears so from the company's 238 per cent increase in pre-tax profits. Yet there are faintly disquieting signals in the figures, for if the elimination of seasonality predicted by the chairman is indeed a feature of the full-year figures, then this year's second half is going to be virtually flat on last year's. Alphameric's rapid growth has long been identified with the re-equipment of dealing rooms in preparation for Big Bang, and there will be those who interpret yesterday's figures as indicating that the boom is now over. Their worst fears are probably unfounded. For the order books alone indicate that all three divisions have far from exhausted their potential. But with £3.5m for the full year producing a prospective p/e ratio of 15, the shares, up 2p at 240p, have probably peaked out for as long as it takes Alphameric to prove that there is more than life after Big Bang.

Alexon profits doubled to £3m

BY CLARE PEARSON

Alexon, the womenswear manufacturer and retailer which also has a pottery subsidiary, more than doubled pre-tax profits with a jump from £1.3m to £2.8m in the six months to the end of September 1986.

The improvement was achieved on an increase in turnover of only about 10 per cent, from £25.5m to £28.11m. It reflected maintained margins in the Claremont Garments division, as well as increased returns on sales in the Alexon Brand division.

Alexon has been changing the merchandising formula in its branded division in the last couple of years. This has involved reducing prices, limiting ranges and improving stock control, with the effect that a greater proportion of items are now sold at full price rather than during the summer and winter sales.

Clothing contributed £3.28m to pre-tax profits in the first half, against £2.35m.

The Hornsea pottery division made a loss of £127,000 (£400,000). It is expected to break-even in the full year but Alexon indicated it will review its investment in the company if it does not move into profit in the next financial year.

Capital expenditure, which has been heavy in the Claremont division in the past few years, was lower in the first half resulting in a decreased interest charge of £333,000 (£642,000).

After-tax profits amounted to £1.8m (£1.09m). Earnings per share were 9.34p (5.56p) and the interim dividend is 2p (1.25p).

Sir David Wolfson, chairman for the past five years, announced that he would be resigning at the end of the year. Mr E. C. Tarr, executive deputy chairman, will take over as chairman.

● comment

The major contributor to yesterday's encouraging pre-tax figure was Claremont Garments, one of the most efficient clothing manufacturers in the country, which maintained its margins in the first half partly because Marks & Spencer allowed it to pass on increased fabric costs despite its keen pricing policy. But Alexon, a change of gear from the days when it tried to outprice Jaeger, and its concentration on a more limited range have boosted both sales and profits. The contracts are now coming through at Hornsea, although it is taking longer to move out of loss than had been hoped. Analysts are looking for an increase in pre-tax profits to £6m for the full year; at yesterday's closing price of 210p, 17p lower on the day, this puts the company on an undemanding price/earnings multiple of 10.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—BPB Industries, Bassett Foods, Continuous Stationery, Courtaulds, Magnet and Southerns, TR Property Investment Trust.

Finals:—Kwik Save, MEPC, Radio City (Sound of Merseyside), Rolinco.

FUTURE DATES

Interims:—	
Allied Colloids	Dec 3
Alpine Soft Drinks	Dec 5
Argyll Group	Dec 2
British Building & Engineering Appliances	Dec 11
Brookmount	Dec 17
Charter Consolidated	Dec 10
FKI Electricals	Dec 4
Fine Art Developments	Dec 15
Halma	Dec 2
Illingworth Morris	Dec 3
Joseph (Leopold) Sterling Fd	Nov 27
Smith and Nephew	Dec 3
Stirling	Dec 1
Tipbook	Dec 4
Walker (Alfred)	Nov 28
Finals:—	
Associated Newspapers	Jan 8
Borthwick (Thomas)	Dec 1
Dundee and London Inv. Tst.	Dec 1
Leeds	Dec 1
Trafalgar House	Dec 1

Monks Inv. Trust

Monks Investment Trust improved its net asset value from 258.2p at end-April 1986 to 286.4p at end October.

Net revenue for the six month period rose from £915,000 to £1.31m after tax of £622,000 (£486,000) for earnings per share of 1.69p against 1.18p.

The interim dividend is maintained at 1.1p, and directors forecast that the total for the year will be at least the same as last year's 2.6p.

Halls Homes & Gardens joining USM via placing

BY ALICE RAWSTHORN

Halls Homes & Gardens, a manufacturer of garden buildings and conservatories, is joining the Unlisted Securities Market in a placing of shares which will value its business at £9.5m.

The company dates back to the 1930s when it produced garden sheds as the consumer products division of the Austin Hall Group. In 1974 Austin Hall was acquired by the industrial holding company, Pentos, and the Halls management team staged a management buy-out in 1982.

Halls now claims to be the market leader in the £40m conservatory market, with a 15 per cent share, and to lead the £45m garden buildings market with a 30 per cent share.

Given that the garden buildings market is relatively mature, an intensely price competitive, the conservatories sector offers the most scope for growth.

Halls' turnover and pre-tax profits have risen from £11.43m and £173,000 in the year of the buyout to £13.71m and £896,000 in 1985. The company anticipates pre-tax profits of just over £1m in the current year.

In the flotation Halls will release 3.16m shares or 31.2 per cent of its equity at 95p a share. This produces prospective earnings per share of 9.08p and a p/e of 10.5. Citicorp Investment Bank is sponsoring the issue with Schroder Securities as the broker.

Borland advances 40%

BY ALICE RAWSTHORN

Borland International, US publisher of microcomputer software, which went public on the Unlisted Securities Market in June, yesterday announced interim results which showed a 40 per cent rise in pre-tax profits to $3.1m (£2.22m).

"Everything has gone well for us in the first half," said Mr Philippe Kahn, president. "We found markets for our new products and are building other products and our results are good."

The Borland flotation came at a difficult time for the new issues market, following a stream of rights issues and the spectacularly unsuccessful flotation of its compatriot, the US cookie company, Mrs Fields. Despite concern that the Borland issue could have been hampered by this background, the issue closed comfortably over-subscribed.

In the six months to September 30 the company's income from sales and royalties rose to $14.37m ($9.68m). Costs and expenses increased to $11.76m ($7.49m) with research and development absorbing $1.66m ($707,000). Operating profits rose to $2.61m ($2.18m). The company gained $162,000 from currency transactions and $372,000 ($58,000) in interest.

Earnings per share increased to 4.0 cents (3.2 cents) and the board proposes to pay a dividend of 0.75 cents. Borland's share price remained unchanged at 152p yesterday.

In the first half Borland expanded its product range with new launches and through the acquisition of new products for the Apple Macintosh range. Distribution of three new IBM products will begin early next year, but the company warned that they will have less of an impact on this year's results than it had expected.

Borland has also expanded in Europe during the first half, setting up marketing operations in London and Paris, agreeing to buy a 24.9 per cent holding in its West German distributor and signing a distribution agreement for Scandinavia.

The company's stockbrokers, De Zoete & Bevan, forecast pre-tax profits of £12.8m for the full financial year.

TMOC joins the SE with £59m tag

TMOC, an Australian oil and minerals group, yesterday joined the London stock exchange by way of an introduction, and with a market value of about A$130m (£59m).

The company said that its decision to get a London listing was in line with a recent policy of diversifying away from Australian oil and gas. Last year it acquired a 17 per cent stake in Clyde Petroleum, the UK independent oil company, and about 40 per cent of Avalon, a North American oil and gas group.

As well as its direct oil and gas interests, TMOC is one of the largest operators of oil pipelines in Australia, and also has a portfolio of mineral interests.

Cable and Wireless

Trading of Cable and Wireless shares in Hong Kong is due to start this Thursday, the telecommunications group announced yesterday. By the end of next month, it plans to have listings in Geneva, Zurich, Basle and Frankfurt operational as well.

COMMERZBANK OVERSEAS FINANCE N.V.

U.S.$ 150,000,000

Floating Rate Notes Due 1989

In accordance with the provisions of the Notes notice is hereby given that for the six months period from November 20, 1986 to May 20, 1987 the Notes will carry an interest rate of 6⅜% per annum with a coupon amount of U.S.$ 311.09.

Frankfurt/Main, November 1986

COMMERZBANK
AKTIENGESELLSCHAFT

Wm LOW

Wm LOW & COMPANY PLC

Summary of results for the 52 weeks ended 6 September 1986

	1986 £000	1985 £000
Turnover	233,361	206,874
Profit before tax	7,263	6,266
Profit after tax	5,088	4,219
Earnings per share	38.94p	39.13p
Dividends per share	13.5p	12.0p

Full accounts for the period to 6 September 1986 on which the auditors have given an unqualified report will be delivered to the Register of Companies in due course.

Copies of the Annual Report and Accounts can be obtained from: The Secretary, Wm Low & Company PLC, GPO Box 73, Baird Avenue, Dryburgh Industrial Estate, Dundee DD1 9NF.

THE KINGDOM OF BELGIUM

U.S.$100,000,000

FLOATING RATE BONDS DUE NOVEMBER 1996

In accordance with the provisions of the Bonds, notice is hereby given that the Rate of Interest for the first Interest Period from the 20th November, 1986 to 20th May, 1987 has been fixed at 6.0000 per cent per annum.

Interest payable on each U.S. $250,000 on the relevant interest date, 20th May, 1987, will be U.S. $7,541.67.

SVENSKA HANDELSBANKEN PLC, Agent

I.G. INDEX

FT for December
1,268-1,275 (−13)
Tel: 01-828 5699

S & W Berisford PLC

has sold its interests in

Waring & Gillow

to

Gillow PLC

Citicorp Investment Bank Limited
acted as advisers to S & W Berisford PLC
in this transaction

CITICORP INVESTMENT BANK

The East Asiatic Company Ltd A/S

through its subsidiary

Plumrose A/S

has acquired

Dak Foods Inc

from

Northern Foods PLC

Citicorp Investment Bank Limited
initiated this transaction

CITICORP INVESTMENT BANK

Valmet Corporation
Automation Group
Finland

has acquired a 20% interest in

Sentrol Systems Ltd
Canada

from

Canada Development Corporation

Citicorp Investment Bank Limited
initiated this transaction
and acted as financial advisor
to Valmet Corporation

CITICORP INVESTMENT BANK

FII plc

has acquired

Fyffes Group Limited

The undersigned negotiated the purchase and acted as financial advisers to FII plc in this transaction

Citicorp Investment Bank Limited
DCC Corporate Finance Limited

CenTrust

One of the fastest growing savings banks in the world.

CenTrust Savings Bank now has 47 branches in its home state of Florida and another 42 loan and mortgage offices spread throughout the US. It's growing fast in the key American growth markets. Assets are now $6.1 billion, an increase of 25% over the last year and we have just declared profits after tax of $55.9 million for the year ending September 30, 1986. Those profits represent a return on equity of 25.23%.

In the same period shareholders equity almost doubled to $296.8 million and CenTrust's net interest margin rose to $28.3 million.

That puts CenTrust in the top 25 of all US savings institutions by assets.

Our success is based on a commitment to excellence, on modern entrepreneurial flair and on good old fashioned hard work.

CenTrust aims to use its combination of financial stability and dynamic management to expand steadily in its four core businesses: retail, commercial and mortgage banking, and capital markets.

The company is applying for a listing on The London Stock Exchange. Particulars can be obtained from the sponsors of the Introduction: *Banque Paribas Capital Markets*, 17-20 Lincolns Inn Fields, London WC2A 3ED. Tel: 01-242 0173.

CENTRUST SAVINGS BANK AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS
(In Thousands Except Per Share Data)

	Fiscal Year Ended September 30	
	1986	1985
Interest Income	**$462,115**	$385,963
Interest Expense	**433,800**	388,249
Net Interest Margin (loss)	**28,315**	(2,286)
Loan & Investment Loss Provision	**20,541**	1,197
Gains on Sales of Investments	**27,432**	36,475
Net Income	**55,906**	36,636
Per Share	**7.84**	8.10
	As of September 30	
	1986	1985
Total Assets	**$6,142,788**	$4,711,001
Total Stockholders' Equity	**296,807**	156,536
Book Value per Common Share	**27.04**	24.77
Common Shares Outstanding	**7,782**	6,319

CenTrust Savings Bank
101 East Flagler Street Miami, FL 33131

APPOINTMENTS

Taylor Woodrow Construction chairman

Mr Geoffrey N. Davies has been appointed *chairman of* TAYLOR WOODROW CONSTRUCTION from January 1, in *succession to* Mr Norman C. Baker, who retires at the end of the year. Mr Davies was previously managing director and that position is to be filled jointly by Mr H. A. (Tony) Palmer and Mr Robert G. Smith. Mr Geoffrey Topping and Mr Roy *Broadhead* are to become assistant managing directors. Mr John McKenna and Mr Derek I. *Palmer* are *both promoted* from divisional directors to directors of Taylor Woodrow *Construction*, also from January 1.

★

COUNTRYSIDE PROPERTIES has appointed Mr Christopher P. Crook and Mr David J. Doig as directors. Mr Crook will be responsible for group sales and marketing and Mr Doig for the construction division. Four associate directors *have also* been appointed — Mr Anthony D. Chambers, Mr Stephen Stoze, Mr Roger M. Thompson and Mr Michael J. Hill.

★

Mr Craig Bennett has been appointed managing director of HILL SAMUEL LIFE ASSURANCE in addition to his responsi*bility for* the Hill Samuel Investment Services Group computer strategy.

★

Mr Richard Lovell has been appointed managing director—business travel division, at PICKFORDS. *He joins following* five years in the National Freight Consortium, latterly as a director of the distribution group. Mr Roger Waymont has joined the division from Britvic (Allied Lyons) where he was sales and marketing director.

★

The IML AIR SERVICES GROUP has appointed a new managing director, Mr David Tanner, formerly with the Beecham Group, where he was *managing director in charge of* operations in Japan, China, Iran and Eastern Europe, as well as counter trade worldwide.

★

GEORGE WIMPEY has appointed Mr D. J. Horner as marketing director of Wimpey Construction UK. He was managing director of Wimpey Merchants.

★

Mr Richard A. Andrew has been appointed chairman of THE PRIVATE CAPITAL GROUP Scandinavian Bank's new subsidiary providing business and financial services to individual and *corporate customers. He is a* deputy managing director of the Scandinavian Bank. Mr William H. Main has been appointed group finance director of The Private Capital Group and chief executive of Private Capital (*Business Services*). *Mr* Christopher Heard, chief executive Private Capital (Mortgage Systems), has been appointed a director of The Private Capital Group. Mr Nicholas J. Green*wood*, chief executive of the Devonshire Life Group has been appointed a non-executive director.

★

Mr Stephen Peach has been appointed director of financial planning for the NATIONAL ADVANCED SYSTEMS (EUROPE) CORPORATION.

★

At VALIN POLLEN INTERNATIONAL Mr Tom Martojo, one of the *directors of its Dutch* subsidiary, Valin Pollen Thomas & Kleyn, is to take on the full-*time role of group* international director from January 1. He will be responsible for planning and handling the negotiations involved in implementing VPI's international acquisition programme and for the overall management and financial performance of all VPI overseas offices.

★

Mr Brian S. Lingwood retires as managing director of FINNINLEY *at the end of December*. Mr Lingwood will be succeeded by general and orthotic managers, Mr Richard Polley and Mr Stanley Price.

★

At SENTRY (UK) INSURANCE COMPANY, *part* of the Sentry Group, Mr Val Olson, deputy chairman and chief executive of the parent company, Sentry Holdings (UK), has assumed additional responsibility as managing director of Sentry (UK) Insurance.

★

Mr Paul Rooke, concessions director of GEE/ROSEN ORGANISATION, has been appointed to the board.

★

Midland Bank senior posts

Mr John D. Jacques has been *appointed head of the financial* institutions group with responsibilities for the commodities, fund management, insurance and securities industries at MIDLAND BANK. Mr Ian L. Spright has been appointed head of the aerospace and shipping group. Mr Michael Stephenson has been appointed head of the North American corporate group with responsibilities for the UK subsidiaries of North American parent companies.

★

ERA TECHNOLOGY has appointed Mr Michael J. Withers *as an executive director*. He is manager of the radio frequency technology division.

★

Ms Liz Laton and Mr Jim McAllister of Rutland Group Holdings have joined the board of *DORNLEIGH DEVELOPMENTS*.

★

Mr Melvin Veon has been appointed financial controller and company secretary of BRITISH ALCAN CONSUMER PRODUCTS. He was chief accountant.

★

Mr Andrew Semple, who has been secretary *of* the Water Authorities Association since it was formed in 1983, is to be first *managing* director of ANGLIAN WATER from April next year.

★

Mr Richard Greenwood has been appointed to the board of UNITED GUARANTEE (HOLDINGS).

★

STEETLEY is reorganising its construction materials related activities to form a new company —Steetley Quarry Products, from January 1. This includes a new division—Steetley Concrete Products, created to expand precast concrete operations, Mr Nigel Ball has been appointed managing director of Steetley Concrete Products.

★

PRANAVITE SLIM has appointed Mr John Church as marketing director. He was with Northern Foods.

★

Mr Allan Blacher has been appointed a director of TIME PRODUCTS. He was director of commercial developments at British Airports Authority.

★

Consequent upon the agreement to acquire Hiram Walker-Gooderham & Worts Mr H. Clifford Hatch, Jr. has been appointed an additional director of ALLIED-LYONS. He is chief executive of Hiram Walker.

★

Mr Brian Morris, an assistant secretary in the Treasury, will be joining WILLIS FABER ADVISORY SERVICES as a director on January 1. He is currently head of the Treasury's superannuation division.

★

Mr Derek Harnwell has been appointed managing director, GODFREY DAVIS RENT-A-UNIT, a *division of* Godfrey Davis Portable Buildings. He joined *from* the Berger Group, where he was export manager responsible for the Middle East.

★

Mr R. W. R. Grande, Mr R. J. Hamilton, Mr A. P. Judd, Mr G. H. Lambert, Mr R. J. Ollett and Mr D. E. W. Taylor have been elected to the board of STEWART & HUGHMAN, and Mr A. R. Harding has been elected to the *board of* Stewart, Gray's Inn Underwriting Agency.

★

SAVAGE GROUP, Watford, has appointed Mr Don Wightman group marketing director. He was marketing director of Donald *Macpherson and* Co, a subsidiary of Kemira of Finland.

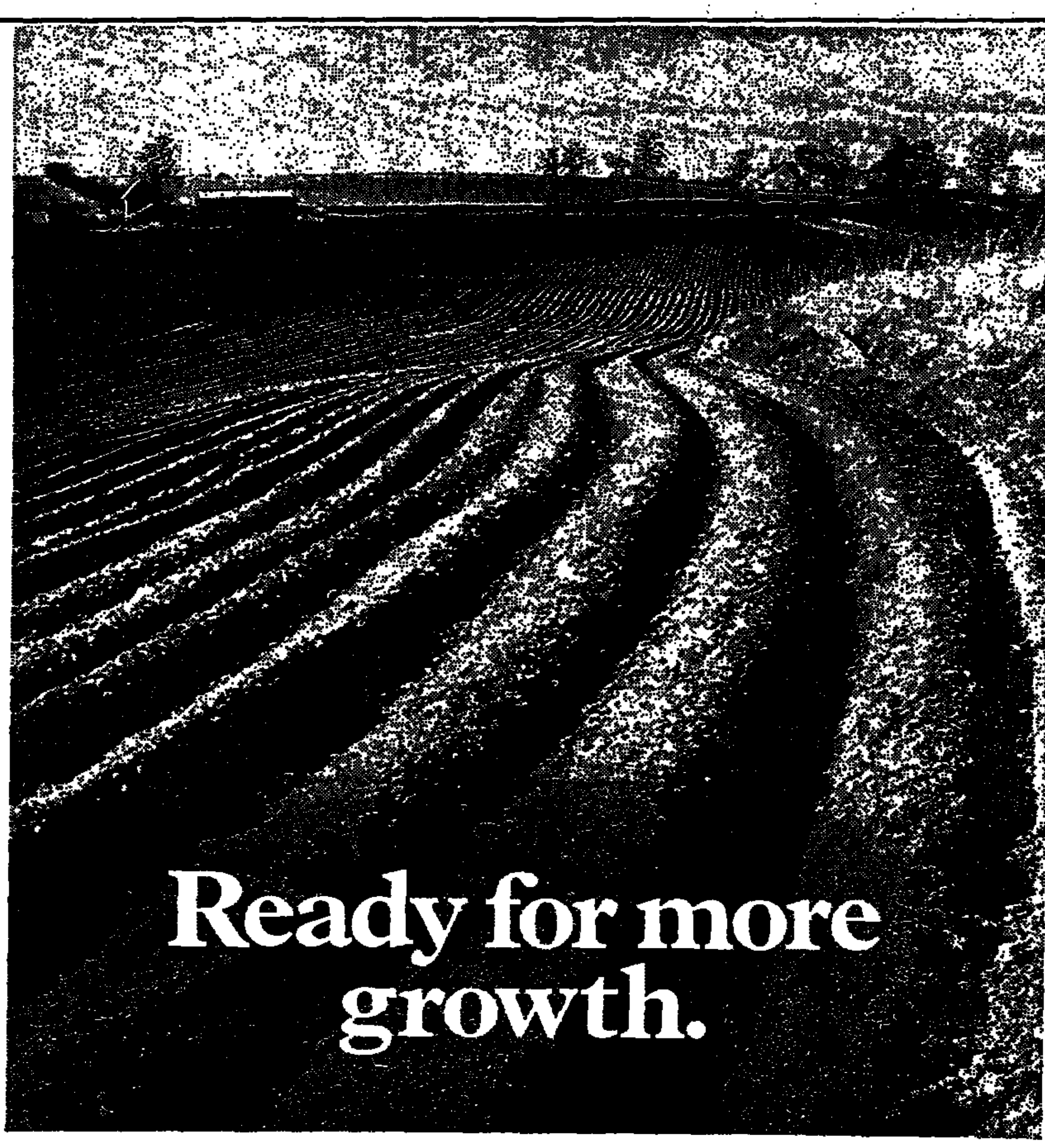
NORWAY'S INVESTORS' BANK

The Norwegian Stock Market has outperformed most stockmarkets over the last few years. Union Bank of Norway has one of the biggest stock exchange departments in Norway and is well equipped to take care of your equity transactions. We also have a leading position in secondary market trading in domestic and foreign bonds.

Please contact Knut Ørbech in Norway. Tel: (472) 31 90 50. Telex: 78422 UBN SE. Union Bank of Norway is known domestically as ABC bank.

Also in Copenhagen, Helsinki, London, Luxembourg, New York and Stockholm.

A/B/C
Union Bank of Norway



Dalgety is a strong and consistently profitable international enterprise with strategic interests in agricultural services and supplies, food manufacturing and distribution, and the trading and processing of agricultural and food commodities.

Already the UK's strongest agricultural supplies company and the second largest in Australia, Dalgety is preparing the ground for further growth.

Its steadily expanding business in fast-food distribution, trading and processing in commodities, in branded food products like Homepride, and its recent acquisition of Golden Wonder form the basis for this further growth.

The combination of these interests gives Dalgety a unique place in the world food system.

For more information, please cut out the coupon and send for your free copy of the Annual Report.

Dalgety

To: Shareholder Relations Department
Dalgety PLC, 19 Hanover Square, London W1R 9DA

Please send me a copy of the 1986 Annual Report

Name
Address
Postcode

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	OSLO	
	PARIS	
	ZURICH	

For more information about Whitehead Mann please contact:
Dr. Anna R. Mann, 44 Welbeck Street, London W1M 7HF. Telephone: 01-935 8978

WHITEHEAD MANN
EXECUTIVE SEARCH CONSULTANTS... WORLDWIDE

WHAT WOULD YOU DO WITH AN IBM PROCESSOR WORTH £2.7M IN 1982?

Donate it to the Science Museum ☐

Get rid of it as scrap ☐

Lease or sell it to a major computer user ☐

Melt it down for gold ☐

The fact is, the worldwide market in second-user IBM computers is currently worth more than the combined new sales of ICL, Data General and Amdahl. Indeed in 1985 alone, this market was valued at close to £3 billion and growing fast.

So it's small wonder that, far from being virtually obsolete, a 1982 IBM processor is still worth 30% of its original cost. Or that recently, we sold one such machine to the TSB Trust Company, and leased another to Ciba Geigy in Germany.

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Everytime IBM launches a new generation of computer systems, the decision requires an investment costing many billions of dollars. Patents have to be filed, market needs assessed and production lines laid down. It all takes time and money.

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The sheer size of the market, the quality of customers and international aspects of the business, make computer leasing a long term viable industry.

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14 Welbeck Street, London W1M 7PF. Tel: 01-935 7104.

TECHNOLOGY

Mobile communications networks have experienced rapid growth and are having a significant impact on the way business is done. In a three-part series, David Thomas examines a range of services, including radio paging, data transmission, cellular radio and private mobile networks.

COMMUNICATIONS ON THE MOVE

Car phones: UK races towards capacity limits

AT THE height of News International's dispute over its move to its new plant at Wapping, the Carphone Group, one of the UK's largest retailers of equipment for the cellular phone market, took an order one Thursday evening.

TNT, the road haulage company brought in to shift the papers out of the picketed Wapping plant, needed 176 phones for its drivers. The only condition on the order was speed: they had to be with the drivers by the following Monday. Graham Thomas, Carphone chairman, says the deadline was met.

Most individual orders for carphones have not been that dramatic. Yet the overall growth in demand since the launch of Britain's two rival cellular phone networks—Cellnet and Racal Vodafone—at the start of last year has been as impressive.

Britain, in less than two years, *has moved from* a standing start to have the second largest number of cellular phone subscribers in Europe, though the density of use per head of population is still much higher in the Scandinavian countries, Europe's cellular phone pioneers, according to latest figures from European Mobile Communications Report.

Moreover, all the signs are that the surge in demand in Britain will continue. Logica, the *consultancy* group, published a study this month which, drawing on the experience in Scandinavia, predicts *four phases in cellular phone growth:*

- Executives are the main users when the system is first introduced.
- In the second phase, growth is strong for employees who spend over 80 per cent of their time on the road.
- The next phase is when semi-mobile groups such as sales staff, journalists and doctors start to use cellular.

Medium-term measures may not be enough to underpin market boom

Logica says this has already started in Scandinavia.

- Finally, cellular phones become a truly mass market, a development which will depend *on cheaper prices and a more* universal coverage.

So far in Britain, the users of carphones seem to fit very much into the first two categories.

For example, at ICI, the British chemicals giant which has more than 100 carphones, the users are divided between board members in London and service representatives constantly travelling in the field. Colin Mitchell, ICI communications manager, *says* he expects a steady increase among those employees who are continuously on the move.

Lloyds Bank has given about 20 carphones to its commercial service managers, whose job involves travelling between *small and medium-sized businesses.* It expects to order about another 100 in the New Year.

Indeed, the industry is expecting an increase in large *orders from big companies* as they complete evaluation processes.

Vodafone, one of the two cellular networks, says that users of cellular phones last year split about 70:30 between small and large companies. By 1989, it expects this ratio to have swung round to 20:80.

Ford, which started offering its customers carphones in September, says orders are already running in the hundreds, but expects this to grow into the thousands next year, as car fleets finish their evaluation programmes.

British Gas's north eastern division is trying out cellular phones in one of its districts on behalf of the whole of British Gas. If successful, this could mean big orders from British Gas *in place of its reliance on* conventional radio, though the cost of cellular could be a problem for it.

Costs of using cellular telephones vary, depending on the exact deal the customer gets and his pattern of use. But typically a cellular phone in a car costs upwards of £800, while *for a unit which can operate* outside the vehicle the price ranges upwards from £1,700. The customer also has to pay a connection charge, usually £50, and a £25 a month access charge. In addition, the average cellular telephone customer appears to spend about £80 per month on calls.

Industry insiders confidently expect the number of cellular users in the UK, which now *stands at just over 100,000, to* be more than 500,000 by the end of the decade.

Already, however, the two network operators are running up against the problem of their own success: capacity constraints, particularly in London where cellular use is densest. This problem is being tackled in three main ways:

- More base stations. Both operators are busy adding base stations to cope with the demand in London.

Vodafone has just added new sites in Portman Square and Lambeth. Over the next six months, Cellnet is planning to add another 12 to its 35 sites within the M25. Mr Steve Hearnden, Cellnet technical director, says each new site can sustain about 1,750 customers.

- Cell sectorisation. There is little scope in London for reducing the size of the cells, the basis of cellular radio. Instead, Cellnet has chosen cell sectorisation, whereby a cell transmitter aerial does not send all its channels in all directions as is normally the case.

Instead, six 60 degree directional "sectors" are used, each with its own set of channels, any one of which might be allocated to a vehicle moving through the segment. This allows channels to be re-utilised in opposing directions.

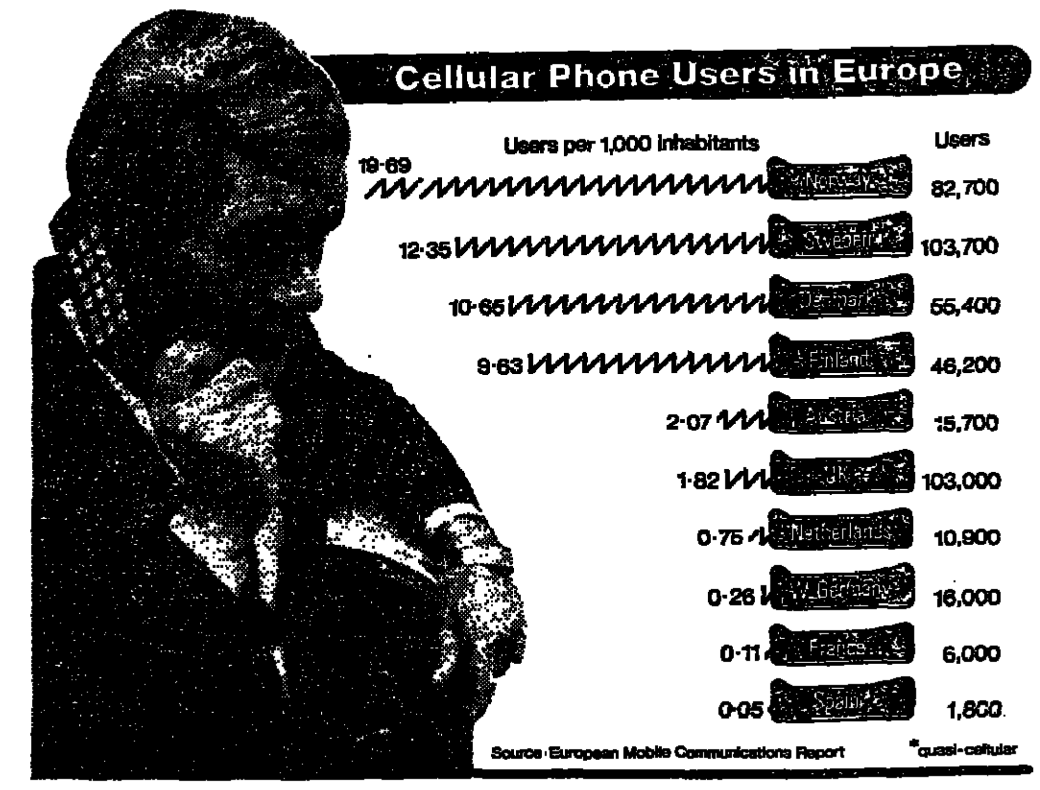
Mr Hearnden says Cellnet is about to sectorise another six sites in London and this will increase capacity by about 2.5 times on those sites.

However, Mr Hearnden adds: "By the early to the middle of next year, we will have done all we can do with the existing spectrum," *which raises the* question of:

- Extra channels. Both Cellnet and Vodafone are each to receive an extra 200 channels, previously allocated to the Ministry of Defence, to add to the 300 they each have at the moment.

These new channels cannot immediately be used by existing cellular equipment. Both operators will need a new type of subscriber equipment and modifications to base stations. Cellnet, which is just about to put specifications out to equipment manufacturers, hopes to have its new channels available this time next year; Vodafone is talking of a slightly later date.

In the medium term, however, even measures like these *may not be enough to underpin* cellular's growth. This is particularly so if new uses, such as transmitting data over cellular phones, take off, and if the UK *becomes part of the planned* pan-European cellular system in the early 1990s (see accompanying article).



Europe battles to meet tight digital deadline

TESTS are under way in Paris which will have a crucial bearing on mobile communications in Europe in the next decade.

The European *telecommunications* authorities want to draw up specifications by the middle of 1988 for one of the most ambitous projects ever attempted in European communications: a pan-European digital cellular radio network. A seven-person team, known *melodramatically as the* "permanent nucleus," is spearheading the work.

A British lorry driver travelling down a French motorway would be able to phone his depot in Manchester to see where he should go next. Since the hope is that data could be sent over the system too, a German salesman taking orders in Florence could probably send copies of documents to his head office in Frankfurt.

Bernard Mallinder, who coordinates the permanent nuclear, says his group is evaluating nine initial proposals put forward by eight consortia of European companies.

Mr Mallinder says the initial tests, leading to what he describes as "two milestone decisions" by the spring, are concentrating on two critical areas: which route offers the best access for digital to the frequency channels; and which is the best form of voice coding.

Paris tests rely too much on theory—David Cheeseman of British Telecom

The pan-European digital cellular radio raises not just all the familiar Euro-problems, such as standards, but also the extra challenge of digital cellular: the cellular networks now operating in Europe are analogue.

Extending digital techniques into mobile communications raises unique problems, as Mr Mallinder acknowledges, but he is confident that his group will be able to decide on one system, which the European Commission will be able to underwrite with regulations and help with initial funding.

Others are not so sanguine. David Cheeseman, a research manager at British Telecom's research facility at Martlesham, has been conducting empirical tests on digital cellular jointly with Racal and the General Electric Company of the UK.

In tests in London he has *found that the error rate of a* system like one of those under study in Paris is as much as one piece of information in ten.

The basic problem is reflection of the digital signals off buildings and other urban obstacles.

He says that the Paris tests rely too much on theory, simulations and lab tests and not enough on the empirical problems of sending digital signals between moving objects in densely packed cities.

Mr Cheeseman is confident the problems can be cracked, but he adds that the timetable which the European authorities are aiming at "is becoming increasingly difficult to recognise as sensible."

Even assuming the technical problems can be ironed out, formidable hurdles remain.

One obvious snag is maintaining European co-operation when such a large market is at stake. As Communications and Information Technology Research says in a report about to be published: "there is bound to be a series of competitive initiatives, and even confronta*tions* between *not only* the manufacturing consortia, but among PTTs (the bodies which run telecommunication networks in individual European countries) and government bodies too."

Moreover, there is the question of how much money people will be willing to sink into a digital cellular network once most European countries have spent large sums on their own analogue networks.

"I would suggest that the initial implementations of the pan-European system will be relatively small networks, simply because of the enormous cost of setting the networks up," Steve Hearnden, Cellnet technical director, told a recent conference in Stockholm on mobile communications.

● Next Wednesday this page will examine the use of radio pagers and data transmission equipment

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Now for the Eiffel space ring

By Peter Marsh

BY 1989, the *Earth may have* a new, and rather large, artificial satellite—a plastic ring about four miles in diameter that glows in the dark.

The "ring light," proposed by two architects and a space researcher, all from France, won first prize in a competi*tion to* devise a space monument. For launch, the contraption will be capable of being rolled up and stowed in the nose cone of an Ariane rocket.

The competition was organised by the Eiffel Tower Organisation in Paris, in association with the European *Space Agency.* If all goes to plan the satellite will be in place in time to mark the 100th anniversary of the building of the Eiffel Tower in in 1889.

Industrial aid sought for alloys project

By Geoffrey Charlish

BNF METALS Technology Centre in Wantage, UK, is seeking industrial support *for a programme to explore* processes to make commercial volumes of fibre-reinforced light alloy composites in sheet, strip and simple *sectional forms.*

BNF is proposing a three-year, £750,000 project, to be funded by some 20 companies.

By combining fibres of glass, graphite, alumina and other material with aluminium and magnesium, great advantages of strength and weight are obtainable. Present methods of making the composites, however, are labour intensive. The aim of the programme is to develop simplified semi-continuous (and possibly continuous) manufacturing techniques.

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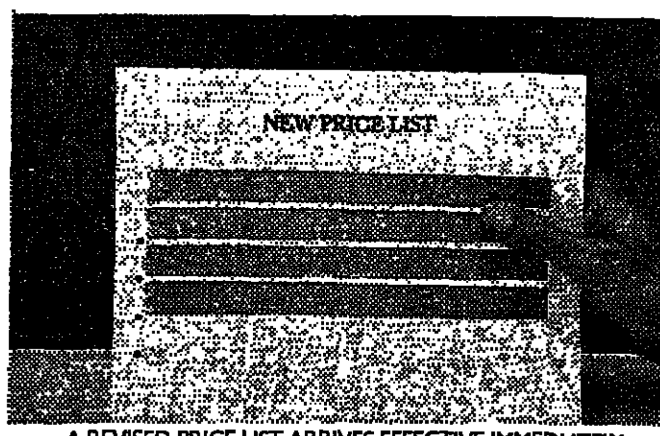

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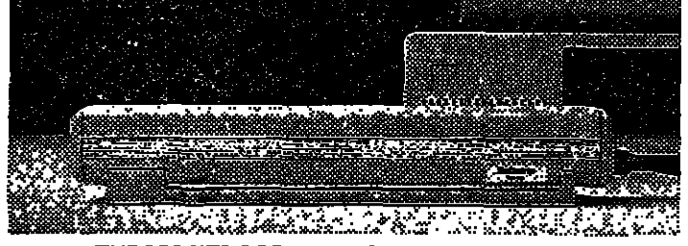
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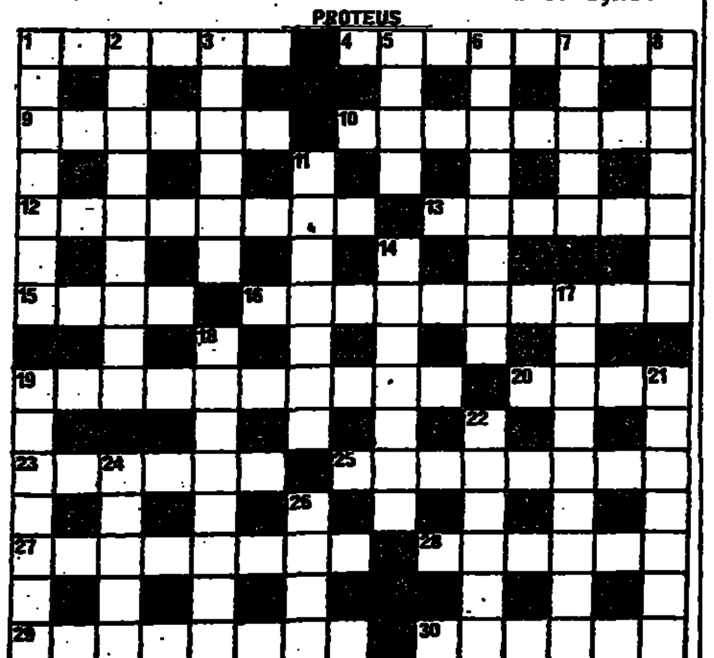


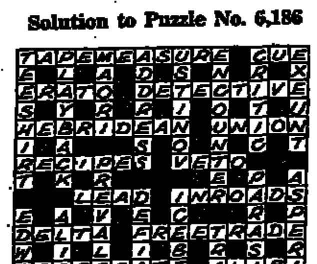
ACROSS

1 Bennett's headmaster? (6)
4 To make a song about wine is disgraceful (8)
9 Toilet with note on how to deal with back-wash? (6)
10 Half a column of cheek about rates perhaps (8)
12 Overcome by accomplishment in action (8)
13 Think very highly of Paul, for example (6)
15 Reasonable to look at some things anew (4)
16 Unpromising future for inefficient watchman (3, 4-3)
19 Unblemished record when charwoman works overtime? (5, 5)
20 Flyers taking one over a long way-off (4)
23 Group of four getting Lawrence over river (6)
25 Left as animal turned to swallow chief (8)
27 Attacked when animal was not well (8)
28 Well-mannered European has it (6)
29 Horse-trouble that really shocks (8)
30 The night before Stevenson went out on the spree? (6)

DOWN

1 Refers to old king putting drinks out (7)
2 Number of receiver—not to be taken the wrong way (2, 7)
3 They creep like a snail perhaps (6)
5 Musical that grows on one (4)
6 He has a supervisory role when ex-dictator comes to tea (8)
7 Part of moist length of fibre (5)
8 Article of clothing fish-men model (7)
11 Particulars given by small groups of soldiers (7)
14 Mess made by novice in boat (7)
17 Attack in insulting manner (9)
18 Promising to be winsome (8)
19 Canal-girl's weapon (7)
21 Make up for having to change costume (7)
22 Father giving word of honour to part (6)
24 She has to get up accounts in the theatre (5)
26 Animal that brings grass up (4)

Solution to Puzzle No. 6,186



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International Accum	271.0	285.3	+2.9	—
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[illegible]	[illegible]	[illegible]	[illegible]	—

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NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	48	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	Property	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Secs	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	Oils	
GKN	24	Brit. Oil & Min	$3\frac{1}{2}$
Hanson Tst	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	$3\frac{1}{2}$
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	Mines	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES and AGRICULTURE

Traders cast doubt on plan to cut tin output

BY WONG SULONG IN KUALA LUMPUR

THE ASSOCIATION of Tin Producing Countries has agreed in principle to co-ordinate cuts in tin production—on condition that non-ATPC members, including Brazil, co-operate with the plan by not increasing output.

However, traders in Kuala Lumpur suggested that the plan had been floated in order to bolster prices and doubted whether cuts would be implemented.

Delegates who ended a two-day meeting of the seven-nation association in Kuala Lumpur yesterday said the plan put forward by Malaysia would be conveyed to governments for approval before any details of the production cuts could be worked out. They gave no time-frame for the plan to be implemented.

Brazil, which attended the meeting as an observer, offered a glimmer of hope for the Malaysian proposals by saying it would be prepared to co-operate. Brazil is expected to produce some 30,000 tonnes of tin this year, overtaking Malaysia as the world's biggest producer.

However, there is some doubt whether all the ATPC members are enthusiastic about the plan. Indonesian officials say that with a general election in April Jakarta's top priority is to safeguard jobs. The country's state-owned tin company recently announced plans for a 20 per cent increase in production over the next year.

By contrast, Malaysian tin production is expected to fall from 36,000 tonnes last year to some 26,000-28,000 tonnes in 1986, with the closure of unprofitable mines.

Tin traders said that unless Brazil, China and Canada participated the ATPC members—Malaysia, Indonesia, Thailand, Australia, Bolivia, Nigeria, and Zaire—would merely be sacrificing themselves to benefit non-members.

This is exactly what happened after the International Tin Council, which ran out of money last year administering an inter-government price support pact, imposed export quotas on members in 1982.

The ATPC estimates that some 80,000 tonnes of tin overhang the market—most of it stocks formerly controlled by the tin council which have now passed into the hands of its creditors.

The association is anxious that banks holding metal should not dump it on the market and depress prices. However, the tin producers probably have little to fear on this count since it is clearly in the banks' interest to sell tin slowly to maximise the prices they realise.

On the Kuala Lumpur Tin Market the tin price yesterday rose by 4 cents to 16.1 ringgit a kilo—close to its highest level for eight months.

Jute workers oppose modernisation

By P. C. Mahanti

INDIAN JUTE workers are mounting stiff opposition to a Rs 2.5bn (£135m) Government modernisation plan for the industry.

The Indian Jute Mills Association is not surprised that the workers are against the introduction of modern equipment which could cause job reductions, but it is disappointed at their dogged opposition to what Mr B. K. Jalan, the association's chairman, describes as "a highly useful innovation which could be a saviour of the industry in years to come."

This is a new jute bag called the "polypack" which is woven out of a blend of the natural fibre and a synthetic in the proportion of 83:17.

The polypack has found instant success, the association claims, in the cement industry, where jute bags had been losing out heavily to the synthetic competition.

Tea export policy delay worries Indian growers

BY P. C. MAHANTI IN CALCUTTA

THE INDIAN tea industry is seriously concerned at the Government's failure so far to announce its promised long term export policy. And its concern is being deepened by the fact that Ministers have started emphasising the requirements of a fast-growing domestic market in a short crop year.

The industry agrees that there will be a shortfall this year of between 30m and 40m kgs, because of the prolonged North Indian drought, but it does not expect supplies to be squeezed as a result.

The current year's production target was fixed at 670m kilos compared with actual output of 657m kgs in 1985. The industry accepts that the 1986 crop could turn out to be as low as 630m kgs but points out that there was a 50m kgs carry-over from 1985. It estimates domestic demand this year at about 430m kgs, up from 420m in 1985, leaving an exportable surplus of 250m kgs, more than enough to cover with safety the 1986 export target of 235m kgs.

In fact the industry does not expect exports to exceed last year's 222m kgs, although Mr R. K. Tripathy, the Tea Board chairman takes a more optimistic view, following his recent trip to the US and an earlier one to the UK.

The Commerce Ministry's hesitant approach to long term policy is explained by the fact that tea prices at Indian auctions have been rising rather sharply since August, when it became clear that there was going to be a substantial crop shortfall. Leaf tea auction prices averaged Rs 29.95 (£1.62) a kg in August, against Rs 26.17 in the same month last year.

Thailand prepares to defend its rice market share

BY PETER UNGPHAKORN IN BANGKOK

THAILAND, THE world's largest rice exporter, is preparing to spend up to Baht 1bn (£26m) to support its rice trade in the coming season.

The package consists of selective intervention buying from poor farmers: short term, cheap credit for stockholding; and possible assistance for exporters. Despite political pressure and depressed farm prices, it falls short of a full-scale support programme because of constraints on its budget.

Thailand could sell 4.3m tonnes of rice this year, its second largest total ever. But since the new US Farm Bill came into force in April, it has been locked in battle with the US, its chief competitor in the rice export market, which is spending at least $800m in domestic subsidies to try to regain lost export markets.

For many years, the US ran Thailand a lose second in export volume, and between them the two countries still hold about half of the export market. In 1982, the US farm programme raised export prices and cut volume from a peak of 2.8m tonnes (22.5 per cent of world exports) in 1981 to 1.9m tonnes (16.7 per cent) in 1985.

The price differential between high grade Thai rice and its US competitor widened from $50-80 per tonne to $150 by 1985, when the Thai rice fetched about $230 per tonne fob. This year US exports are expected to be 2.2m tonnes, as the new programme has halved export prices. The Thai price for high grade is now about $170 fob.

For Thailand this year, weakening world prices and an increase in the proportion of lower grades exported have cut Thai rice export earnings by about 20 per cent despite the 5.6 per cent increase in volume. Last year's 4.06m tonnes earned Bt 22.5bn ($865m).

American officials and lobbyists say the increased Thai sales this year refute Thai accusations that US prices are predatory. The Thais counter, however that Thailand has no choice but to export its surplus at almost any price because it lacks storage facilities—hence the fall in earnings.

The Thais accuse the Americans of abandoning the principles of free trade. As one economist put it, the Farm Bill suggests to Thais that the US "claims property rights over its market share."

Americans accept that they lost rice markets to Thailand because of the US's own policies. But they say the market have to be recaptured

RICE MARKET SHARES (Percentage of world total)	US	Thailand
1987*	21.78	33.50
1986*	17.11	34.59
1985	14.66	34.81
1984	17.38	33.58
1983	19.37	31.47
1982	21.34	28.15
1981	22.50	24.88

* Estimated.
Source: US Commerce Department, US Agriculture Department, Thai Customs Department.

to ensure the survival of the US rice industry.

Mr Stephen Gabbert, vice-president of the US Rice Millers' Association, a powerful lobby for the industry, said in Bangkok earlier this month that the "marketing loan" subsidies are likely to keep US prices competitive, even if income support subsidies — the other area of spending—are cut.

"The bottom line is," he said, "we'll protect our own interests."

Politically the Thai Government has to be seen to be taking action. The new season's main harvest is just beginning and farmers' demonstrations against low prices in January, the peak period, are almost becoming a ritual.

This year the Government is trying to clarify its policy earlier, but farmers' leaders have also been quick to express dissatisfaction.

The policy is based on free trade. Last year's attempt to cartelise exporters and set legally enforced minimum prices for paddy (rough, or unmilled, rice) ended in a shambles and the resignation in January of the Commerce Minister.

This time about Bt 400m is to be spent on intervention buying from the smallest farms. About Bt 150m will subsidise short-term soft loans for stockholding, mainly by millers. The Bank of Thailand is rediscounting up to Bt 5.00bn at a 1 per cent annual rate between now and the end of March so that commercial banks can charge 3 per cent interest on the loans. Other measures include the construction of storage barns.

The central bank says the cheap credit should finance a flow of 4m tonnes of paddy through stocks in the next four months, with a maximum of 2m tonnes in stock at any given time. Officials admit privately, however, that commercial banks are unlikely to lend the full amount because the milling sector is already in financial difficulties.

A plan to spend Bt 300m to assist exporters was later leaked. Officials denied that this would be an export subsidy. Ministers now say it will compensate exporters for unfavourable prices when supplying rice for counter trade and other government-to-government deals. Details are to be kept secret and some Thai observers are worried that this could lead to corruption — a problem that has plagued previous domestic and export programmes.

Officials now admit that paddy prices could be boosted by at most Bt 100 per tonne. That would mean good grade paddy averaging about Bt 2,500. Farmers look back to the 1970s when prices exceeded Bt 3,000, and their leaders still demand a return to that level, although they would place little hope in it happening.

Total production for the 1986-87 season is predicted at 19.5m tonnes of paddy, yielding 12.9m tonnes of milled rice. Last year, the figures were 20.3 and 13.4m tonnes respectively. Interrupted rain and falling prices are blamed for the production fall. With earnings cut, farmers have reduced their use of fertilisers and pesticides.

Thailand's best export year was 1984, when 4.62m tonnes was exported earning Bt 25.9bn.

Sri Lanka 'close to self-sufficiency'

BY MERVYN DE SILVA IN COLOMBO

SRI LANKA has moved close to self-sufficiency in rice thanks to the massie contribution made by the Rs 53bn ($2bn) Mahaweli irrigation and power project, according to the Irrigation Ministry. The project is financed largely by the World Bank and seven western donor countries.

The Ministry hopes to contribute 218,000 tonnes to the Food Department's stock at the end of the "maha" (main) paddy cultivation season, which has just started. Last year the Department had to import 182,000 tonnes of rice.

In 1981, when the Mahaweli River divehsion scheme helped two of the island's paddy-producing areas, the production figure was 82,000 tonnes. Since then the scheme's rise area has almost doubled. In accordance with the Ministry's policy of diversified cropping 8,000 hectares out of the 75,000 hectare total is being set aside for other, minor, crops—mainly chilli, cashew, soyabeans, sesame seeds and cow peas.

Rice cultivation could earn as much as Rs 1bn this season, a Ministry official estimated.

Tanker contract's future uncertain

By Stefan Wagstyl

THE BALTIC International Freight Futures Exchange is planning to make an announcement today about its tanker freight futures, amid reports that the ailing contract is to be axed.

The instruments have attracted only sporadic interest since they were launched in February to supplement the exchange's dry cargo contract.

Mr Stephen Carter, the Biffex chief executive, declined to comment last night on the future of the tanker contract but said that the exchange would make an announcement at 11.00 am today.

The tanker contract traded 121 lots on its first day. But since then daily volume has typically been 12 or 15 lots, with the occasional day when no business was transacted. This week, the contract has yet to register its first trade.

Tantalum plant

THE THAI Cabinet has approved Government equity participation in the revival of a Thailand Tantalum Industry Corporation plant which was destroyed by protesters who feared for its environmental effects earlier this year, reports Reuter from Bangkok.

An official said the Government had agreed to invest Baht 175m for a 19.4 per cent stake in Thailand Tantalum's Bt 902m capital.

Rare metals

JAPAN'S Ministry of International Trade and Industry, Miti, plans to spend Y2.5bn over five years beginning next year in joint exploration for rare metals in China. Financing for the project will depend on Parliament approving budget requests.

The Metal Mining Agency of Japan and the Japan International Co-operation Agency will oversee Japan's participation, a Miti official said.

Silver eagle

THE US Mint exhausted its stocks of the new one-ounce silver Eagle coin yesterday on the first day of sales to dealers, reports Reuter from Washington.

Last month the mint temporarily ran out of gold Eagles on the second day of sales.

"Both coins have been phenomonally successful," commented Ms Donna Pope, director of the mint. She said sales would reopen when stocks were replenished in two weeks time.

Maize exports

THAILAND'S maize exports rose to an estimated 2.96m tonnes during the January to October period, up from 2.03m tonnes in the corresponding 1985 period, the Commerce Ministry said, reports Reuter from Bangkok.

October exports were down to about 250,000 tonnes from 285,866 tonnes in September and 390,376 tonnes in October 1985.

The average maize export price fell to Baht 2,402 per tonne during the first 10 months from Bt 2,909 a year earlier.

Bauxite mine

THE OPERATOR of a bauxite mine near the the town of Moengo in eastern Surinam said it was uncertain if the mine would reopen today, after rebels closed it down last Thursday and blocked the road from town, reports Reuter from Paramaribo.

Surinam Aluminium Company, a subsidiary of Aluminium Company of America (Alcoa) said the mine, which employs 550 workers, remained closed yesterday for the Independence Day holiday. Work ceased at the mine after guerrillas entered the town and burned a police station. Road transport has been cut off since the weekend when a section of highway was dynamited.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market; 99.6 per cent, $ per tonne, in warehouse, 2,400-2,480.

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 2.00-2.10.

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots, 0.86-0.92, sticks, 0.86-0.92.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 5.70-6.25.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 160-170.

MOLYBDENUM: European market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.10-3.15.

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 5.00-5.20.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif, 30-42.

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per lb V_2O_5, cif, 2.48-2.53.

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 17.00.

LONDON MARKETS

PRECIOUS METAL prices firmed in London yesterday, reversing some of their losses of recent days. Gold rose in active trading, particularly during the afternoon, to close at $384.75 per ounce, up $3 on the day. The increase mainly featured short-covering and followed a movement on New York's Commodity Exchange. It also coincided with a fall in the dollar, and news of a greater-than-expected 6 per cent fall in US durable goods orders in October. Platinum also rallied to reach an afternoon fix of $475.25 an ounce, up $2.75, although the market remains thin ahead of this week's Thanksgiving holiday in New York. On the London Commodity Exchange, robusta coffee futures generally eased, with the January position down £4 on the day at £2,112.50 per tonne. The November position, however, rose sharply ahead of its expiry date on Friday. It closed at £2,302.50, up £105.50, amid fears of a market squeeze.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	788-9	—0.5	790.5/788
3 months	803-3.5	+0.25	807.5/805

Official closing (am): Cash 790-0.5 (786-6.5); three months 805.5-6 (799.5-800); settlement 790.5 (786.5). Final Kerb Close: 803.5-4. Turnover: 11525 tonnes.

COPPER

Grade A	Unoffic'l close	+ or —	High/Low
Cash	916.5-7.5	—4	919/916.5
3 months	942.5-3	—3.5	948/943

Official closing (am): Cash 918.5-9 (920-0.5); three months 944-4.5 (945.5-6); settlement 919 (920.5). Final Kerb Close: 942-3.

Standard			
Cash	896-8	—3	897/897
3 months	925-5.5	—1.75	925/925

Official closing (am): Cash 896-6.5 (898.5-9.5); three months 924-5 (927-8); settlement 896.5 (899.5). US Producer prices 61.5/66 cents per pound. Total turnover: 39000 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	328-9	—10.25	341/340
3 months	316-6.5	—9	326/316

Official closing (am): Cash 340-1 (339.5-40); three months 322.5-3 (325-6); settlement 341 (340). Final Kerb Close: 321-2. Turnover: 23350 tonnes. US Spot: 24/29 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2530-40	—13	—
3 months	2575-80	—11.5	2590/2575

Official closing (am): Cash 2540-50 (2545-50); three months 2586-7 (2585-6); settlement 2550 (2560). Final Kerb Close: 2575-80. Turnover: 180 tonnes.

TIN

KUALA LUMPUR TIN MARKET: Close 16.10 (16.06) ringgit per kg. Up 0.4 ringgit per kg.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	557-8	—5	563/563
3 months	550.5-1	—5.75	557/547

Official closing (am): Cash 563-3.5 (565-7); three months 555.5-6 (557.5-8); settlement 563.5 (567). Final Kerb Close: 553.5-4. Turnover: 15975 tonnes. US Prime Western: 44/50.75 cents per pound.

GOLD

Gold rose $3 an ounce from Monday's close in the London bullion market yesterday to finish at $384¾-385. The metal opened at $382¼-383 and traded between a high of $384¾-385¼ and a low of $379-379½. Gold slipped off early selling and improved on renewed demand during the afternoon, prompted by poorer than expected US economic data.

GOLD BULLION (fine ounce) Nov. 25		
Close	$384¾-385	(£268¼-270¼)
Opening	$382¼-383	(£267¾-271¼)
M'n'g fix	$380.75	(£266.181)
Aft'n'n fix	$384.75	(£269.772)

GOLD AND PLATINUM COINS		
Am Eagle	$392-400	(£280¼-284)
Mapleleaf	$394¾-401	(£276¾-282)
Kr'g'rnd	$382-385	(£267¼-269½)
½ Krug	$196-199	(£137-137½)
¼ Krug	$95-99	(£66¼-69¼)
Angel	$391-394	(£274-276)
1/10 Angel	$39½-44½	(£27½-31¼)
New Sov	$89-92	(£62¼-64¼)
Old Sov	$90-92	(£63-64½)
$20 Eagle	$465-505	(£318½-356)
Noble Plat	$491-501	(£344½-352½)

SILVER

Silver was fixed 0.85p an ounce lower for spot delivery in the London bullion market yesterday at 370.25p. US cent equivalents of the fixing levels were: spot 534.5c, down 1.5c; three-month 532.4c, down 1.4c; six-month 540.4c, down 1.4c; and 12-month 556.6c, down 1.3c. The metal opened at 372-373½p (529-530c) and closed at 371-372½p (528-531c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	370.25p	—0.85	371.5p	—0.5
3 months	380.55p	—1.00	381.75	—1.6
6 months	391.30p	—1.00		
12 months	412.50p	—1.60		

LME—Turnover: 6 (0) lots of 10,000 oz.
Three months final kerb 380-2p.

SOYABEAN MEAL

An active session saw early strength from commercial buying give way to afternoon weakness due to stronger sterling and a disappointing Chicago market. Good local and professional selling throughout was evident, reports Muirpace.

	Yest'rdy's close	+ or —	Business done
	£ per tonne		
Dec	132.5-132.8	—0.55	133.0
Feb	130.5-130.8	—0.40	131.0
April	130.2-132.0	+0.15	133.0
June	132.2-132.8	+0.15	130.5
August	128.2-129.0	—0.5	130.0
October	129.2-130.8	—0.2	131.5
Dec	132.0-134.0	—	131.0

Sales: 202 (61) lots of 20 tonnes.

INDICES				
REUTERS	Nov. 25	Nov. 24	M'th ago	Year ago
	1611.9	1614.9	1597.7	1717.0

(Base: September 18 1931=100)

DOW JONES	Nov. 24	Nov. 21	M'th ago	Year ago
Spot	118.53	116.54	—	120.66
Fut	117.39	116.55	—	121.68

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 25 1986	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1195/205	+5	$1250/256
Copper			
Cash Grade A	£917	—4	£923
3 mths	£942.75	—3.5	£948.25
Gold Troy oz	$384.75	+3	$411.75
Lead Cash	£328.5	—10.25	£315.5
3 mths	£316.25	—9	£312.25
Nickel			
Free Mkt	184/194c	+1	162/182c
Palladium oz	$117.90	—0.50	$129.50
Platinum oz	$475.25	+2.75	$575.50
Quicksilver†	$160/175	—	$160/170
Silver troy oz	370.25p	—0.85	399.15p
3 mths	380.55p	—1.00	409.95p
Tin			
free mkt	£4460/480	+20	£4200/80
Tungsten	$46.57		$51.25
Wolfram 22.0lb	$32/42		$32/42
Zinc	£557.5	—5	£600.5
3 mths	£550.75	—5.75	£598
producers	$920		$920
OILS			
Coconut (Phil)	$410z	—20	$470
Palm Malayan	$310u	—5	$335
Copra (Phil)	$250v	—10	$225
Soyabean (U.S.)	$154y		$165
GRAINS			
Barley Fut. Mar.	£114.40	+0.10	£112.60
Maize	£145.00v	—2.5	£144.50
Wheat Fut. Mar.	£113.55	—0.05	£111.25
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1463.5	—4	£1544
Coffee Ft. Jan.	£2112.5	—4	£2387.5
Cotton A Ind.*	53.30c		50.75c
Gas Oil Jan.	$126.25	—2.5	$118.5
Rubber (kilo)	63p	—0.5	67p
Sugar (raw)	$148.5z		$145
Wooltops 64s	425p kilo		416p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. y Nov-Dec. v Dec. x Jan-Feb. z Dec-Jan. u Jan.

COFFEE

The market's attention returned to the spot month as November traded at over £200 above January. The short-covering prompted by dealers holding untenderable coffee because of inferior quality dragged the rest of the market higher, but reluctantly. With the market moving higher purely on technical features, the fundamental picture was left behind. Offtake for robustas still appears negligible and by mid-afternoon, after the panic in the November position appeared over, the market slumped, reports Drexel Burnham Lambert.

COFFEE	Yesterday close	+ or —	Business Done
Nov	2300-05	+165.5	2375-2190
Jan	2110-15	—4.0	2160-2105
Mar	1985-90	—10.0	2039-1990
May	2000-05	+5.0	2059-2000
July	2020-25	+10.0	2055-2020
Sept	2030-50	+5.0	2080-2045
Nov	2040-70	+10.0	—

Sales: 6,135 (4,429) lots of 5 tonnes.
ICO indicator prices (US cents per pound) for November 24: Comp. daily 1979 143.62 (140.04); 15-day average 149.52 (150.75).

COCOA

Early firmness gave way to lower levels as futures failed to find any follow-through and trade selling emerged in the afternoon. Actuals attracted some light manufacturer interest, reports Gill and Duffus.

COCOA	Yesterday's close	+ or —	Business Done
	£ per tonne		
Dec	1427-1428	—9.5	1446-1427
March	1463-1464	—4.0	1476-1460
May	1485-1486	—6.5	1497-1485
July	1506-1508	—5.0	1518-1506
Sept	1528-1529	—5.5	1548-1528
Dec	1556-1557	—6.8	1566-1558
March	1583-1585	—7.5	1594-1586

Sales: 2,966 (3,674) lots of 10 tonnes.
ICCO indicator prices (US cents per pound). Daily price for November 25: 90.15 (90.05); five-day average for November 26: 90.91 (91.54).

POTATOES

Buyers emerged as the critical chart point at £146.60, being April, held in early dealings. The buying pressure continued all day with shorts scrambling for cover at the close to leave the market fully steady, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	111.00	110.00	—
April	153.90	146.90	152.80-146.80
May	173.80	167.90	173.80-167.50
Nov	87.50	86.00	—
Feb	100.00	98.00	—

Sales: 1,273 (1,054) lots of 40 tonnes.

GRAINS

Old crop wheat followed an easier country trend, drifting on consumer and shipper selling, then rallied on merchant support. Barley remained firm throughout the day on persistent shipper support. New crop eased sharply on country hedge selling, reports T. G. Roddick.

	WHEAT		BARLEY	
Mnth	Yesterday's close	+ or —	Yest'rdy's close	+ or —
Jan	110.65	—0.05	112.95	+0.05
Mar	113.55	—0.05	114.40	+0.15
May	115.65	—0.15	115.45	+0.15
July	117.15	—0.10	—	
Sep	101.15	—0.15	100.55	—0.05
Nov	103.75	—0.05	102.10	—0.05

Business done—Wheat: Jan 110.85-10.46, Mar 113.65-3.40, May 115.45, July 117.25-6.99, Sept 101.10, Nov 103.75-3.70. Sales: 242 lots of 100 tonnes. Barley: Jan 112.95-2.70, Mar 114.30-4.25, May 115.25, Sept 100.65-0.35, Nov 103.10-3.05. Sales: 86 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 1 15 per cent: Dec 107.50, Jan 108.00, Feb 109.00, March 110.00. French 11½-12 per cent: Dec 140.50. English feed, fob: Dec 112.00 paid East Coast, Jan 113.50 buyer, Jan/March 116.00-116.50, April/June 117.50-118.00 buyer/sellers. Maize: US No 3 Yellow/French transhipment East Coast: Dec 145.00. Barley: English feed, fob: Nov 113.00 seller Scottish, 114.00 English, Dec 114.00, Jan 115.75, Jan/March 116.75 seller Scottish, Jan/March 117.50-118.00 buyer/sellers English.

HGCA—Locational ex-farm spot prices. Feed barley: W. Midlands 108.00, N. West 109.50. The UK monetary coefficient for the week beginning Monday, December 1, will change to 1.268.

RUBBER

PHYSICALS — The London market opened slightly easier, met persistent selling throughout the day and closed quiet and steadier, reports Lewis and Peat. Closing prices (buyers): Spot 63.00p (63.50p); Jan 61.00p (61.75p); Feb 61.25p (62.00p). The Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 212.5 (213.50) and SMR 20 193 (193.5).

FUTURES—Index 643, Dec 626-636, Jan-March 635-645, April/June 645-655, July-Sept 647-661. Sales: Nil.

US MARKETS

CRUDE OIL slipped a little further with prices for the leading January position parted at worst by 27 cents per barrel before recovering, reports Heinold. The Saudi Arabian declaration that it was unwilling to continue in its role as "swing" producer, cutting production when total Opec quotas were exhausted, was seen as further proof that the cartel was still essentially in disarray and not in any immediate position to produce a comment. Coffee last the faith of those who followed the market up on reports of potential renewed drought dangers in principal growing areas. The December contract lost 3.75c per pound to close at 149.75c, with defferreds posting losses of 2-4c. The burgeoning controversy over President Reagan's National Security Adviser, Vice-Admiral John Poindexter's resignation unsettled dollar rates and gold was seen as a beneficiary, with December values advancing another $3.50 to colse at $385.5 per ounce, following on from the build-up of support at $380 andtestifying to the short-covering after the move downwards in the previous week.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb	Close	High	Low	Prev
Nov	48.25	—	—	48.60
Dec	48.40	48.50	48.30	48.75
Jan	48.90	—	—	49.05
March	49.45	49.50	49.40	49.70
May	49.90	—	—	50.15
July	50.25	50.15	50.15	50.50
Sept	50.45	50.50	50.50	50.70
Dec	50.55	—	—	50.80
Jan	50.75	—	—	51.00
March	50.85	—	—	51.10

COCOA 10 tonnes, $/tonne	Close	High	Low	Prev
Dec	1840	1859	1830	1847
March	1895	1910	1876	1881
May	1920	1936	1916	1923
July	1943	1955	1935	1937
Sept	1961	1976	1951	1962
Dec	1985	1983	1983	1981
March	2006	2010	2003	2001

COFFEE "C" 37,500 lb, cents/lb	Close	High	Low	Prev
Dec	149.75	155.80	149.25	153.50
March	151.11	156.75	140.50	154.01
May	152.29	157.00	151.10	154.61
July	153.25	157.50	151.50	154.89
Sept	154.00	158.00	154.00	157.63
Dec	154.87	—	—	158.50

COPPER 25,000 lb, cents/lb	Close	High	Low	Prev
Nov	59.05	—	—	58.80
Dec	59.10	59.20	58.65	58.85
Jan	59.30	—	—	59.05
March	59.85	69.90	59.45	59.70
May	60.45	60.50	60.10	60.30
July	60.90	60.95	60.65	60.75
Sept	61.20	61.25	61.00	61.05
Dec	61.70	61.70	61.55	61.55
Jan	61.90	—	—	61.75
March	62.25	—	—	62.10

COTTON 50,000 lb, cents/lb	Close	High	Low	Prev
Dec	49.53	50.10	48.30	48.72
March	50.28	50.98	48.72	49.02
May	50.40	50.90	48.82	49.11
July	50.38	50.95	48.90	49.10
Oct	51.53	51.75	50.15	50.25
Dec	52.00	52.40	51.50	50.85
March	52.20	—	—	51.24
May	52.45	—	—	51.45

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel	Latest	High	Low	Prev
Jan	14.96	15.06	14.72	14.99
Feb	15.05	15.15	14.85	15.09
March	15.04	15.15	14.86	15.08
April	15.00	15.13	14.83	15.08
May	14.95	15.13	14.80	15.07
June	15.15	15.15	14.80	15.06
July	15.10	15.10	15.00	15.05
August	15.05	15.01	15.01	15.04

GOLD 100 troy oz, $/troy oz	Close	High	Low	Prev
Nov	385.5	—	—	382.0
Dec	385.6	386.2	379.3	382.4
Jan	387.8	385.0	386.0	384.2
Feb	389.6	490.0	383.1	386.0
April	392.7	393.5	387.0	389.0
June	395.9	396.0	390.5	392.2
August	399.1	399.0	395.0	395.3
Oct	402.2	400.0	396.0	398.3
Dec	405.6	405.5	399.5	401.7
Feb	408.3	—	—	405.4
June	417.0	—	—	413.1

HEATING OIL 42,000 US gallons, cents/US gallons	Latest	High	Low	Prev
Dec	42.40	42.30	41.25	41.90
Jan	43.10	43.20	41.90	42.83
Feb	43.60	43.85	32.90	43.88
March	42.90	42.50	41.30	42.45
April	41.50	41.50	40.50	41.19
May	40.50	40.50	39.50	40.00
June	40.00	40.00	39.00	39.50
July	4.50	40.50	39.75	39.40
August	40.10	—	—	40.25
Sept	40.30	—	—	41.55

ORANGE JUICE 15,000 lb, cents/lb	Close	High	Low	Prev
Jan	123.20	123.55	122.50	122.05
March	123.45	123.70	122.97	122.15
May	123.30	123.30	122.75	122.10
July	123.10	123.25	122.10	122.00
Sept	122.70	122.75	122.10	121.95
Jan	122.50	122.50	122.50	122.05

PLATINUM 50 troy oz, $/troy oz	Close	High	Low	Prev
Dec	472.8	473.0	473.0	471.2
Jan	475.3	481.0	471.0	474.2
April	479.2	484.0	474.0	477.5
July	483.5	487.0	480.0	481.5
Jan	492.3	—	—	490.0

SILVER 5,000 troy oz, cents/troy oz	Close	High	Low	Prev
Nov	530.4	531.0	531.0	526.1
Dec	530.5	532.0	527.0	525.5
Jan	533.5	—	—	529.4
March	538.9	539.9	532.0	534.8
May	543.9	545.0	536.0	538.8
July	549.1	550.0	543.0	544.8
Sept	554.6	554.5	547.0	550.3
Dec	563.1	565.0	455.0	558.9
Jan	566.1	—	—	561.2
March	572.0	573.0	571.0	567.7

SUGAR WORLD "11" 112,000 lb, cents/lb	Close	High	Low	Prev
Jan	6.08	6.05	6.05	6.10
March	6.60	6.64	6.47	6.57
May	6.75	6.76	6.63	6.69
July	6.90	6.90	6.73	6.82
Sept	6.97	—	—	6.89
Oct	7.05	7.06	6.95	7.00
Jan	7.18	—	—	7.13

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb	Close	High	Low	Prev
Dec	61.55	62.00	61.47	61.62
Feb	58.87	59.60	58.85	59.07
April	58.50	59.05	58.45	58.57
June	57.27	57.60	57.15	57.25
Aug	55.95	56.20	55.90	56.07

LIVE HOGS 30,00 lb, cents/lb	Close	High	Low	Prev
Dec	54.95	55.35	54.45	54.70
Feb	52.15	52.95	51.82	51.80
April	46.67	47.45	46.42	46.57
JUNE	48.30	48.70	47.87	48.07
July	47.90	48.40	37.70	47.70
Aug	45.50	46.05	45.15	45.30
Oct	41.85	42.20	41.85	41.55
Dec	42.10	—	—	42.05

MAIZE 5,000 bu min, cents/56lb-bushel	Close	High	Low	Prev
Dec	165.0	165.6	164.4	165.2
March	175.6	176.2	175.2	176.4
May	181.4	182.2	181.0	181.4
July	184.0	184.6	183.6	184.2
Sept	187.2	187.6	187.0	186.8
Dec	190.4	191.2	190.0	190.2
March	198.2	198.4	197.4	187.4

PORK BELLIES 38,000 lb, cents/lb	Close	High	Low	Prev
Feb	72.37	74.80	72.15	73.00
March	71.20	73.40	70.90	71.72
May	70.87	72.85	70.50	71.50
July	69.20	71.50	69.10	69.35
Aug	67.30	68.67	66.45	67.17

SOYABEANS 5,000 bu min, cents/60lb-bushel	Close	High	Low	Prev
Jan	497.6	499.4	498.4	496.0
March	501.4	502.2	499.6	499.4
May	504.6	505.6	503.0	502.6
July	507.4	508.4	506.0	506.0
Aug	505.0	506.2	505.0	503.4
Sept	496.4	499.0	496.4	495.4
Nov	498.2	499.2	498.0	497.0
Jan	506.4	507.0	505.0	504.4

SOYABEAN MEAL 100 tons, $/ton	Close	High	Low	Prev
Dec	149.3	149.7	148.9	149.2
Jan	148.9	149.2	148.3	148.6
March	148.8	149.2	148.6	148.8
May	149.1	149.2	148.6	148.7
July	149.1	149.3	148.8	148.8
Aug	149.0	149.3	149.5	148.8
Sept	149.2	149.3	148.8	148.8
Oct	148.6	149.9	148.5	149.3
Dec	149.8	150.0	149.6	149.0

SOYABEAN OIL 60,000 lb, cents/lb	Close	High	Low	Prev
Dec	14.86	14.94	14.79	14.76
Jan	15.02	15.15	14.97	14.89
March	15.32	15.43	15.29	15.28
May	15.55	15.67	15.52	15.52
July	15.72	15.87	15.72	15.70
Aug	15.83	15.85	15.77	15.80
Sept	15.71	15.85	15.71	15.70
Oct	15.71	15.85	15.71	15.70
Dec	15.75	15.70	15.80	15.75
Jan	15.75	15.70	15.80	15.75

WHEAT 5,000 bu min, cents/60 lb-bushel	Close	High	Low	Prev
Dec	280.2	281.6	277.4	280.0
March	273.6	274.6	272.0	273.6
May	257.6	258.6	256.4	257.6
July	246.6	247.0	245.2	247.0
Sept	246.4	247.0	246.0	247.0
Dec	252.0	255.0	251.4	[illegible]

SPOT PRICES—Chicago loose lard 13.50 (same) cents per pound. Handy and Harman silver bullion 527.5 (528.5) cents per troy ounce.

FUTURES—Pigs: Nov expired at 100.00, April 96.20, June 96.20, Aug 96.00. Sales: 25.

OIL

Crude oil trade was largely confined to January Brent. London prices for January opened and closed around $14.50 but ranged by nearly 30c during the day. January WTI opened 27c down on Nymex and recovered to trade only 1c down by 1.30 pm EST. In the petroleum products market forward gas oil fell as much as $4-$5 but recovered on afternoon short-covering trade. Naphtha fell on ample availability prompt cargoes. Gasoline was weak and quiet. Fuel oil was stable to weak—Petroleum Argus, London.

CRUDE OIL—FOB ($ per barrel)—Dec.	Latest	Change + or —
Arab Light	—	—
Arab Heavy	—	—
Dubai	13.50-13.80	—0.20
Brent Blend	14.20-14.50	—0.10
W.T.I. (1pm est)	14.90-15.00	—0.05
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	n/a

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	143-147	—1
Gas Oil	122-124	—1
Heavy fuel oil	74-76	—1
Naphtha	124-126	—1

GAS OIL FUTURES

Month	Yest'rdy's close	+ or —	Business Done
	US $ per tonne		
Dec	122.25	—1.75	123.75-122.50
Jan	123.75	—1.25	124.00-122.25
Feb	123.00	—2.00	[illegible]
Mar	122.50	[illegible]	[illegible]
Apr	121.50	[illegible]	[illegible]
May	120.50	[illegible]	[illegible]

Turnover: 5,808 (2,443) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yest'rdy's close	+ or —	Business Done
	US $ per tonne		
Dec	69.50	—3.00	—
Jan	72.50	—2.50	72.50-72.00
Feb	75.00	—2.50	—

MEAT

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 92.09p per kg lw (−0.21). GB—Sheep 177.81p per kg est dcw (+6.82). GB—Pigs 75.24p per kg lw (−2.04).

SUGAR

LONDON DAILY PRICE—Raw sugar $148.50 (£105.00), unchanged (up 50p) a tonne for December-January delivery. White sugar $179.00, unchanged.

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne		
Dec	154.2-155.0	156.4-156.5	155.4-154.4
March	147.4-147.6	150.0-150.8	150.4-147.0
May	151.0-151.2	153.8-154.0	154.0-151.0
Aug	155.2-155.8	158.5-158.8	158.4-155.4
Oct	159.2-159.6	162.4-163.2	162.0-159.8
Dec	163.0-166.0	167.0-170.0	—
Mar	169.8-170.0	172.4-172.6	169.5

Sales: 1,564 (2,102) lots of 50 tonnes.
Tate and Lyle delivery price for granulated basis sugar was £208.00 (£207.50) a tonne for export.
International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for November 24: Daily price 5.81 (5.80); 15-day average 5.88 (same).

FREIGHT FUTURES

The market based on carry-over selling from the previous close. Lower prices on the physical market prevailed, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
Jan	702/704	716/715	714/703
April	770/785	745/747	741/730
July	712/716	740/741	[illegible]
Oct	751/753	745/747	740/730
Jan	[illegible]	[illegible]	[illegible]
April	800/810	[illegible]	[illegible]
BFI	761.5		763.5

Turnover: 420 (253).

Tankers	Close	High/Low	Prev.
Nov.	960/970	970/960	950/960
Dec.	960/970	960/970	950/950
Jan.	—	—	—
Mar.	—	—	—
BFI	943.5		943

Turnover: Nil (nil).

JUTE

JUTE—Dec/Jan 1987, c and f Dundee: BTC $360, BWC $355, BTD $335, BWD $305. c and f Antwerp: BTC $330, BWC $335, BWD $305, BTD $305.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls below DM 2.0

A SHARP fall in US durable goods orders put renewed pressure on the dollar yesterday and it fell below the psychologically important DM 2.0 level. Earlier in the day analysts had been forecasting a fall of around 1.5 per cent and even with the defence element taken out, yesterday's figure still showed a decline of 2.7 per cent in October compared with a revised increase of 4.6 per cent in September. For a while the dollar traded above the DM 2.0 level, helped to some extent by persistant corporate demand ahead of the year end.

However with today's US trade figures expected to show a deterioration from September's deficit of $12.56bn, previous resistance at the DM 2.0 level was overcome, despite suggestions that central banks may have considered intervening at this level. Also released yesterday were figures for US consumer prices which showed a 0.2 per cent rise in October, much in line with expectations.

The dollar touched a low of DM 1.9895 before recovering a little to close at DM 1.9935, its lowest closing level for a month and down from DM 2.0190 on Monday. Against the yen it fell to Y162.50 from Y164.15 and SFr 1.6585 from SFr 1.6885. Elsewhere it slipped to FFr 6.5275 compared with FFr 6.6075. On Bank of England figures the dollar's exchange rate index fell from 111.6 to 110.6.

STERLING—Trading range against the dollar in 1986 is 1.5555 to 1.3700. October average 1.4270. Exchange rate index 67.9 compared with 67.8 at the opening and 68.2 at Monday's close. The six-months-ago figure was 75.8.

Sterling opened on a weak note following concern about oil prices and Opec's ability to reach some agreement at its next meeting on December 11. Trading was quiet ahead of the UK trade figures. However there appeared to be little reaction to a better-than-expected current account surplus of £65m.

Dealers suggested that with uncertainty about the timing of the next election and proximity of the year end, sterling remained vulnerable. It was firmer against a weak dollar but not enough to avoid losses against its European partners where it slipped to DM 2.8350 from DM 2.86 and FFr 9.2850 compared with FFr 9.3625. It was also weaker against the yen at Y231.0 from Y232.50 and SFr 2.36 compared with SFr 2.3925. Against the dollar it rose to $1.4225 from $1.4170.

D-MARK—Trading range against the dollar in 1986 is 2.4710 to 1.9740. October average 2.0038. Exchange rate index 143.5 against 133.8 six months ago.

Trading in Frankfurt before the release of US economic data was rather quiet. The dollar was fixed at DM 2.0088 down from DM 2.0200 and there was no intervention by the Bundesbank. News of 6 per cent drop in US durable goods orders was more than expected and pushed the dollar down to DM 2.00 where it met sufficient resistance to recover slightly. It closed at DM 1.9945 as later trading brushed aside the DM 2.00 support level. Monday's close was DM 2.0205.

JAPANESE YEN—Trading range against the dollar in 1986 is 202.70 to 152.35. October average 156.36. Exchange rate index 204.8 against 204.1 six months ago.

Trading was a little nervous in Tokyo as traders awaited the release of US economic data. There was little incentive to take our fresh positions since it was difficult to assess how much downward pressure would be exerted on the dollar if figures for US durable goods orders proved to be disappointing. The dollar closed at Y163.90 from Y164.00 in New York.

In addition there was considerable apprehension ahead of today's US trade figures which are expected to reverse a better trend established over the last three months. In the thin trading conditions, investment demand for the US unit was sufficient to prevent a testing of recent support levels. Elsewhere the D-Mark rose to Y81.38 from Y80.98.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu November 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.1139	43.2568	+0.33	+1.07	±1.5368
Danish Krone	7.81701	7.85752	+0.52	+1.26	±1.6403
German D-Mark	2.11083	2.08097	−1.41	−0.67	±1.1127
French Franc	6.87316	6.81082	−0.91	−0.17	±1.3659
Dutch Guilder	2.37833	2.35156	−1.13	−0.39	±1.5059
Irish Punt	0.764976	0.764261	−0.09	+0.65	±1.6683
Italian Lira	1476.95	1442.07	−2.36	−1.92	±4.0734

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Nov 25	Latest	Previous Close
£ Spot	1.4170-1.4180	1.4125-1.4135
1 month	0.56-0.53 pm	0.62-0.61 pm
3 months	1.79-1.74 pm	1.79-1.76 pm
12 months	6.35-6.25 pm	6.60-6.50 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST THE POUND

Nov. 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4115-1.4240	1.4220-1.4230	0.63-0.60c pm	5.19	1.80-1.78 pm	5.03
Canada	1.9580-1.9730	1.9720-1.9730	0.48-0.39c pm	2.65	1.40-1.29 pm	2.73
Netherlands	3.19¼-3.21¼	3.19¾-3.20¾	1⅝-1½c pm	5.62	4⅝-4½ pm	5.54
Belgium	58.87-59.18	58.95-59.05	22-17c pm	3.97	57-18 pm	2.54
Denmark	10.70¼-10.75¼	10.71-10.72	1-⅛ore pm	0.77	2-1¼ pm	0.58
Ireland	1.0400-1.0458	1.0430-1.0440	0.35-0.50p dis	−4.89	0.75-1.10 dis	−3.56
W. Germany	2.83-2.84¼	2.83-2.84	1¼-1⅛pf pm	6.88	4⅝-4⅞ pm	6.35
Portugal	210.84-212.74	211.88-212.74	85-114c dis	−5.63	212-333 dis	−5.14
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 59.35-59.45. Six-month forward dollar 3.60-3.55 c pm. 12-month 6.75-6.65 c pm.

STERLING INDEX

	Nov. 25	Previous
8.30 am	67.8	68.3
9.00 am	67.8	68.3
10.00 am	67.9	68.2
11.00 am	67.8	68.2
Noon	67.9	68.2
1.00 pm	67.9	68.2
2.00 pm	67.8	68.3
3.00 pm	67.9	68.3
4.00 pm	—	68.2

CURRENCY RATES

Nov. 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.847352	0.731878
U.S. Dollar	5.5	1.20002	1.03634
Canadian $	8.22	*	1.43502
Austrian Sch.	4	16.9707	14.6507
Belgian Franc	8	50.1158	43.2568
Danish Kroner	7	9.10335	7.85752
Deutsche Mark	3½	2.41849	2.08097
Neth. Guilder	4½	2.72525	2.35156
French Franc	9½	7.89013	6.81082
Italian Lira	12	N/A	1442.07
Japanese Yen	3.0	196.985	169.545
Norway Krone	8	9.12615	7.89016
Spanish Peseta	—	162.533	140.009
Swedish Krona	7½	8.33594	7.20255
Swiss Franc	4	2.01423	1.73846
Greek Drach.	20½	166.923	144.424
Irish Punt	—	N/A	0.764261

* C$/SDR rate for Nov. 24: 1.65918

CURRENCY MOVEMENTS

November 25	Bank of England Index	Morgan Guaranty Changes %
Sterling	67.9	−25.8
U.S. Dollar	110.6	+3.9
Canadian Dollar	77.2	−12.7
Austrian Schilling	134.2	+9.4
Belgian Franc	97.8	−5.4
Danish Kroner	90.3	+2.7
Deutsche Mark	143.5	+20.1
Swiss Franc	167.4	+21.0
Guilder	131.3	+13.3
French Franc	71.2	−12.3
Lira	48.4	−15.4
Yen	204.8	+52.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Nov. 25	£	$
Argentina	1.6490-1.6560	1.1600-1.1640
Australia	2.1865-2.1895	1.5445-1.5455
Brazil	19.9875-20.1015	14.0560-15.0260
Finland	6.9965-7.0090	4.9445-4.9465
Greece	194.86-198.27	137.79-140.10
Hong Kong	11.0195-11.0315	7.7870-7.7890
Iran	109.00*	77.00*
Kuwait	0.4175-0.4180	0.29380-0.29400
Luxembourg	58.95-59.05	41.40-41.50
Malaysia	3.6865-3.6935	2.6055-2.6075
N. Zealand	2.7205-2.7280	1.9210-1.9250
Saudi Ar.	5.3285-5.3330	3.7500-3.7505
Singapore	3.1015-3.1080	2.1920-2.1940
S. Af. (Cm)	3.1765-3.2005	2.2495-2.2550
S. Af. (Fn)	6.1540-6.4350	4.3470-4.5455
U.A.E.	5.2185-5.2235	3.6725-3.6735

* Selling rate.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Nov. 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Germany	1.9895-2.0140	1.9930-1.9940	0.27-0.24pf pm	1.52	0.68-0.63 pm	1.30
Portugal	148¼-149¼	148¼-148½	125-145c dis	−10.86	340-420 dis	−10.19
Spain	134.35-135.48	134.35-134.45	70-80c dis	−6.65	205-230 dis	−6.43
Italy	1378-1393½	1378¾-1379¼	5-7lire dis	−5.18	16-19 dis	−5.03
Norway	7.57½-7.62	7.57½-7.58	6.05-6.35ore dis	−9.78	17.10-17.40dis	−9.07
France	6.52-6.58¾	6.52½-6.53	0.85-1.00 dis	−0.87	3.30-3.60 dis	−2.10
Sweden	6.91-6.96	6.91¼-6.91¾	1.95-2.15 ore dis	−3.54	5.95-6.25 dis	−3.51
Japan	162.20-164.35	162.45-162.55	0.24-0.22 y pm	1.69	0.64-0.59 pm	1.50
Austria	14.02¾-14.17½	14.02¾-14.03¼	1.30-0.70gro pm	0.85	2.00-Par pm	0.85
Switzerland	1.6565-1.6850	1.6580-1.6590	0.50-0.45 c pm	3.40	0.90-0.85 pm	2.09

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.
Belgian rate is for convertible francs. Financial franc 41.70-41.80.

EURO-CURRENCY INTEREST RATES

Nov. 25	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	10½-10¾	10⅝-10¾	10 13/16-10 15/16	11⅛-11¼	11 3/16-11 5/16	11 3/16-11 5/16
U.S. Dollar	5 15/16-6 1/16	6-6⅛	5 15/16-6 1/16	5 15/16-6 1/16	5 15/16-6 1/16	6-6⅛
Can. Dollar	7⅞-8⅛	8-8⅛	8-8¼	8 1/16-8 3/16	8¼-8½	8 5/16-8 11/16
D. Guilder	5¾-6	5⅞-6	5 7/16-5 11/16	5 3/16-5 11/16	5½-5⅝	5 7/16-5 9/16
Sw. Franc	½-¾	6⅜-6⅝	2¾-2⅞	3⅞-4	3⅞-4	3⅞-4
Deutschmark	4½-4⅝	4½-4⅝	4½-4⅝	4⅝-4¾	4⅝-4¾	4⅝-4¾
Fr. Franc	7⅛-7¼	7⅛-7⅜	7 7/16-7 9/16	8⅛-8¼	8¼-8⅝	8⅛-8⅜
Italian Lire	14-18	11-13	10½-11¼	10¾-11¼	10½-10⅞	10½-10⅝
B. Fr. (Fin.)	7-7¼	7⅛-7¼	7⅛-7⅜	7¼-7½	7⅛-7⅜	7⅛-7⅜
B. Fr. (Con.)	6⅞-7⅛	7-7⅛	7⅛-7⅜	7⅜-7⅝	7⅜-7⅝	7⅜-7⅝
Yen	3⅞-4	4½-4 9/16	4½-4 9/16	4 7/16-4⅝	4 7/16-4⅝	4½-4⅝
D. Krone	9⅛-9⅝	9⅛-9⅝	9⅝-10⅛	10¼-10¾	10¼-10¾	10¼-10¾
Asian $ (Sing.)	6-6⅛	6-6⅛	6-6⅛	6-6⅛	6-6⅛	6-6⅛

Long-term Eurodollars: Two years 6½-6¾ per cent; three years 7-7¼ per cent; four years 7⅜-7⅝ per cent; five years 7⅝-7⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Nov 25	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.423	2.835	231.0	9.285	2.360	3.203	1961.	1.973	59.00
$	0.703	1	1.994	162.5	6.528	1.659	2.251	1379.	1.387	41.45
DM	0.353	0.502	1	81.48	3.275	0.832	1.130	691.7	0.696	20.81
YEN	4.329	6.158	12.27	1000	40.19	10.22	13.86	8489.	8.539	255.4
F Fr.	1.077	1.532	3.053	248.8	10	2.542	3.449	2112.	2.124	63.54
S Fr.	0.424	0.603	1.201	97.88	3.934	1	1.357	830.9	0.836	25.00
H Fl.	0.312	0.444	0.885	72.13	2.899	0.737	1	612.3	0.616	18.42
Lira	0.510	0.725	1.446	117.8	4.735	1.203	1.633	1000	1.006	30.09
C $	0.507	0.721	1.437	117.1	4.707	1.196	1.624	994.2	1	29.91
B Fr.	1.695	2.411	4.805	391.5	15.74	4.000	5.428	3324.	3.343	100

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts slightly weaker

LONG GILT prices showed a net loss from Monday in the London International Financial Futures Exchange yesterday in active trading. Better than expected UK current account figures failed to have much impact and although welcome, the news was insufficient to dispel underlying nervousness about sterling and the timing and outcome of the next general election.

The December contract opened at 106-25 down from 107-12 in reaction to sterling's weaker start and eased to a low of 106-20 before recovering a little as the pound steadied to trade around 106-25 just before the trade figures were announced. Around this time dealers reported some short covering which boosted values to 107-10 at the same time as the figures were announced. However there was no follow through and the price eased back to 106-30 before buyers once more appeared to take it up to a high of 107-14. This rally son ran out of steam however and the price coasted back to a close of 107-02.

US Treasury bond futures finished the day slightly down from Monday, having failed to hold above par for December delivery. The contract opened at 100-08 up from 99-28 with sentiment generally inclined favourably towards the prospect of lower rates. Most of the morning trading took place around 100-12 and a high of 100-16 was touched after the release of US durable goods orders which showed a 6 per cent fall in October. However it came back to 100-12 in the absence of any follow through and with sellers gaining the upper hand so the price slipped to a low of 99-20 before closing at 99-25.

Threelmonth Euro-dollar deposits improved after US data had been released but encountered too much selling to sustain the firmer trend. With proximity of Christmas and the New Year and the shrinking possibility of a cut in the discount rate this year, interest tended to switch into the March contract.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
100	7.37	8.05	0.19	0.51
102	5.56	6.34	0.38	1.16
104	4.23	5.10	1.05	1.56
106	3.05	3.62	1.51	2.44
108	2.05	2.62	2.51	3.44
110	1.20	2.11	4.02	4.57
112	0.50	1.34	5.32	6.16
114	0.28	—	7.10	—

Estimated volume total, Calls 565 Puts 80
Previous day's open int, Calls 10,664 Puts 3,139

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
88	11.04	—	0.04	—
90	9.09	9.01	0.09	0.59
92	7.20	7.31	0.20	1.25
94	5.41	6.06	0.41	2.00
96	4.10	4.56	1.10	2.50
98	2.58	3.53	1.58	3.47
100	1.60	2.60	2.60	4.54
102	1.14	2.13	4.34	6.07

Estimated volume total, Calls 107 Puts 64
Previous day's open int, Calls 261 Puts 277

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Dec.	Calls—Last Jan.	Puts—Last Dec.	Puts—Last Jan.
15500	7.52	—	0.42	—
15750	5.48	8.53	0.88	1.18
16000	3.76	6.71	1.66	1.86
16250	2.40	5.12	2.80	2.77
16500	1.41	3.78	4.31	3.93
16750	0.77	2.71	6.17	5.36
17000	0.38	1.87	8.28	7.02
17250	0.17	1.25	10.57	8.90

Estimated volume total, Calls 0, Puts 8
Previous day's open int, Calls 548, Puts 397

LIFFE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LIFFE—EURODOLLAR OPTIONS

[illegible]

LONDON

20-YEAR 12% NOTIONAL GILT [illegible]

10% NOTIONAL SHORT GILT [illegible]

THREE-MONTH STERLING [illegible]

THREE-MONTH EURODOLLAR [illegible]

U.S. TREASURY BONDS 8% [illegible]

FT-SE 100 INDEX [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% [illegible]

U.S. TREASURY BILLS (IMM) [illegible]

JAPANESE YEN (IMM) [illegible]

DEUTSCHE MARK (IMM) [illegible]

THREE-MONTH EURODOLLAR (IMM) [illegible]

SWISS FRANC (IMM) [illegible]

STANDARD & POORS 500 INDEX [illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE) [illegible]

IMM—STERLING [illegible]

LIFFE—STERLING [illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
KLM C	Fl.45	180	2.70	52	4.50	12	5.70	Fl.46.40
KLM P	Fl.45	91	1.10	10	2.10	59	3	"
NATN C	Fl.85	205	1.40	64	2.70	2	4.50	Fl.80.20
NATN P	Fl.80	101	2	20	2.70	—	—	"
PHIL C	Fl.50	459	1.10	622	2.40B	52	3.30	Fl.46.80
PHIL P	Fl.45	236	1.30	125	2.60B	66	3.70B	"
RD C	Fl.200	785	9.80	14	15.50A	2	17	Fl.206
RD P	Fl.200	252	2.20	131	4.50B	5	8.20	"
ROBE C	Fl.100	40	0.40	—	—	—	—	Fl.93.20
UNIL C	Fl.500	209	18	18	35	1	42	Fl.501.50
UNIL P	Fl.500	194	12B	2	19.50	—	—	"

TOTAL VOLUME IN CONTRACTS: 57,052

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	11	Citibank NA	11	● Morgan Grenfell	11
Adam & Company	11	Citibank Savings	¶12.45	Mat Credit Corp. Ltd.	11
Allied Arab Bk Ltd	11	City Merchants Bank	11	Nat Bk. of Kuwait	11
Allied Dunbar & Co	11	Clydesdale Bank	11	National Girobank	11
Allied Irish Bank	11	Comm. Bk. N. East	11	Nat Westminster	11
American Exp. Bk	11	Consolidated Cred	11	Northern Bank Ltd	11
Amro Bank	11	Co-operative Bank	*11	Norwich Gen. Trust	11
Henry Ansbacher	11	Cyprus Popular Bk	11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Duncan Lawrie	11	Provincial Trust Ltd	12
Associates Cap Corp	11	E. T. Trust	12	R. Raphael & Sons	11
Banco de Bilbao	11	Equator'l Tst C'p plc	11	Roxburghe G'rantee	11½
Bank Hapoalim	11	Exeter Trust Ltd	11½	Royal Bk of Scotland	11
Bank Leumi (UK)	11	Financial & Gen. Sec	11	Royal Trust Bank	11
Bank Credit & Comm	11	First Nat. Fin. Corp	12	Standard Chartered	11
Bank of Cyprus	11	First Nat. Sec. Ltd	12	Trustee Savings Bank	11
Bank of Ireland	11	● Robert Fleming & Co	11	UDT Mortgage Exp.	¶12.25
Bank of India	11	Robert Fraser & Ptrs	12	United Bk of Kuwait	11
Bank of Scotland	11	Grindlays Bank	‡11	United Mizrahi Bank	11
Banque Belge Ltd	11	● Guinness Mahon	11	Westpac B'nking Corp	11
Barclays Bank	11	HFC Trust & Savings	11	Whiteaway Laidlaw	11½
Benchmark Tst Ltd	11	● Hambros Bank	11	Yorkshire Bank	11
Beneficial Trust Ltd	12	Heritable & Gen. Tst	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
CL Bank Nederland	11	Knowsley & Co. Ltd	11½		
Canada Permanent	11	Lloyds Bank	11		
Cayzer Ltd	11	Mase Westpac Ltd	11		
Cedar Holdings	12	Meghraj & Sons Ltd	11		
● Charterhouse Bank	11	Midland Bank	11		

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MONEY MARKETS

UK rates show little change

TRADING WAS generally subdued in London yesterday. A slightly disappointing UK trade deficit of £825m was balanced to some extent by a better than expected current account surplus of £65m. Sterling was weaker overall but showed little change from its opening levels and the key three-month interbank rate was left unchanged at 11⅛-11¼ per cent. One year interbank money was quoted at 11⅛-11¼ per cent, also unchanged from Monday.

UK clearing bank base lending rate 11 per cent since October 15

Overnight money traded between 10 per cent and 12 per cent with the Bank of England giving assistance on a revised £200m shortage some £50m short.

The Bank of England forecast a shortage of around £150m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £294m. These were partly offset by Exchequer transactions which added £105m and a fall in the note circulation of £25m. In addition banks brought forward balances £20m above target.

The Bank revised its forecast to a shortage of around £200m and gave assistance in the morning of £46m through outright purchases of £1m of eligible bank bills in band 1 at 10⅞ per cent and in band 4 of £3m of Treasury bills and £42m of eligible bank bills at 10⅞ per cent. Further help was given in the afternoon of £20m through outright purchases of eligible bank bills in band 3 at 10¾ per cent. Late help came to £75m, making a total of £141m.

In Frankfurt short term money rates were a little higher with call money rising to 4.30-4.40 per cent from 4.25-4.35 per cent on Monday. This was seen as a reflection of continued corporate tax payments, and with pension payments also starting, commercial banks are expected to have increased difficulty in meeting end of month minimum reserve requirements with the Bundesbank. Consequently there was a demand for call money with no plans announced by the authorities for a fresh sale and repurchase tender adding to the growing squeeze.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.25) 3 months U.S. dollars		6 months U.S. dollars	
bid 6	Offer 6⅛	bid 5 15/16	Offer 6 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) [illegible]

[illegible]

LONDON MONEY RATES

[illegible]

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On the 31st day of October 1986, the Board of Directors of Kenwood Corporation (the Company) resolved to make shareholders of record at noon on 29th November 1986, a free distribution of shares [illegible]

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LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102½	100¼	Exch. 13¼pc 1987	100¼	.....	13.22	10.76
100⅞	97¾	Treas 10¼pcCv '87	99⅜	.....	10.29	11.39
98⅞	92½	Exch 2½pc 1987	98⅛	–⅛	2.53	8.09
101⅛	97⅛	Exch. 10½pc 1987	99⅞	.....	10.53	11.19
98⅛	93⅝	Funding 6½pc 85-87	98⅜	–¼	6.59	9.72
101⅛	96⅝	Treas. 10pc 1987	99⅛xd	+⅛	10.06	11.17
97⅛	90⅞	Treas 3pc 1987	96⅜	–⅛	3.10	8.26
104½	99⅞	Treas. 12pc 1987	100⅝	.....	11.92	11.21
99⅛	92⅝	Treas 7¾pc 1985-88‡‡	97⅛	.....	7.98	10.59
104	96⅛	Exch 10½pc '88	99⅛	+⅛	10.60	11.26
102⅞	95⅛	Treas. 9¾pc Cv '88	97⅝xd	.....	9.96	11.29
94⅛	86⅞	Transport 3pc '78-88	92¼xd	+⅛	3.25	7.96
102½	93⅝	Treas. 9½pc '88	96⅝	+⅛	9.83	11.32
107⅞	98⅛	Treas 11½pc 1989	100⅛	–⅛	11.49	11.40
103½	93⅛	Treas 9½pc Cnv 1989	96⅛	.....	9.88	11.38
92⅛	82⅞	Treas 3pc 1989	88⅛	+⅛	3.38	8.13
105⅞	95⅞	Treas 10½pc 1989	98⅛xd	.....	10.70	11.39
104⅞	94⅛	Exch.10pc 1989	96⅝	+⅛	10.33	11.38
107⅞	97	Exch 11pc 1989	99⅛	.....	11.10	11.36
93⅞	84½	Treas 5pc 1986-89	89	–⅛	5.62	9.43
110⅞	94⅝	Exch 10¼pcCv '89	99⅛	.....	10.33	10.57
114⅞	103⅛	Treas 13pc 1990‡‡	104⅛	–⅛	12.48	11.34
108⅛	97⅛	Exch 11pc 1990‡‡	99⅛	–⅛	11.10	11.30
113⅛	101⅝	Exch. 12½pc 1990	103⅛	–⅛	12.12	11.35
89⅛	79⅝	Treas. 3pc 1990	84	–⅛	3.57	8.45
100⅛	89⅛	Treas 8¼pc 1987-90‡‡	93⅛xd	.....	8.84	10.57
106⅛	93	Treas. 10pcCv 1990	95⅞	–⅛	10.42	11.29
86⅞	76⅛	Exch 2½pc 1990	80⅝	.....	3.10	8.30
112⅛	99⅞	Treas 11¾pc 1991	101⅛	–⅛	11.62	11.37
94⅛	83⅛	Funding 5¾pc '87-91‡‡	86⅞	.....	6.62	9.49

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INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
102	70	♦Metsec 10p	76	−2	L2.46	2.6	4.6	11.7
78½	45	Mitchell Cotts	58½	−½	1.5	2.1	3.6	15.1
126	81	♦Monks & Crane 10p	126	+2	L2.7	2.9	3.0	15.4
323	210	Morgan Crucible	316		†8.5	1.5	3.8	21.0
23½	15½	♦Morris (W) F.A. 20p	16	−½	—	—	—	—
157	65	Myson Grp 10p	152	−3	†2.63	2.6	2.4	19.6
365	230	♦NMW Computers	230	−3	†6.0	3.0	3.7	13.2
96	27	Nash Inds.	93		†0.5	—	0.8	—
*27½	12½	Neil & Spencer 10p	13	−½	—	—	—	—
39	28	Newman Inds 10p	36		10.8	1.5	3.1	27.5
134	65	Noble & Lund 10p	88	−4	0.7	4.3	1.1	29.0
65	39	Norton	49	−½	1.2	♦	3.4	♦
150	96	♦Norank Systems 5p	137		1.5	—	1.5	17.6
286	187	Norcros	247	−1	9.3	2.2	5.3	11.8
195	49	Nu-Swift 5p	193		13.5	2.1	2.6	26.0
£356½	£228	OCE 9pc Cnv 1987-92	£328½	+15	Q9%	—	†2.8	—
118	80	Oakwood Grp	90					
250	173	Office & Elect	175	−1	†3.0	1.3	‡	12.5
183	70	Oldacre 20p	175		8.5	2.9	6.8	7.1
34	26	♦Omnitech 1p	31		♦5.0	♦	4.1	♦
36	18	♦Optometrics $0.01	20		—	—	—	—
890	500	Oriflame £1	865		—	—	—	—
10	5	Orestone 12½c	7½		†24.5	2.1	4.0	16.8
142	85	♦PCT Grp 10p	113		gQ3.23c	1.9	14.3	3.7
£20½	£13¾	PLM 'B' Sk 25	£17¾	+½	d3.2	—	5.8	—
195	114	PSM Intl	193		Q21.2%	0.3	3.4	—
295	160	♦Pacer Systems $0.01	175		♦45.5	2.1	4.1	14.4
78	48	♦Pacific Sales 10p	46		Ld3.84	3.4	1.5	19.5
445	246	Parker Knoll 'A'	419		3.0	1.4	8.8	11.4
222	83	♦Parkfield Group 2p	208	−1	12.0	3.2	4.0	11.0
53	17	♦Paxton Intl	25	−1	3.6	4.2	2.5	12.7
£130	£64½	Do 11pc CnLn '94-02			—	—	—	6.1

LEISURE—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
117	92	♦Leemar	92	−1	s2.63	3.3	4.0	10.4
98	71	♦Marina Dev. 50p	75	−1	R3.13	3.0	5.9	7.2
220	125	♦Media Tech Int 20p	125	−2	2.8	4.5	3.2	9.4
*170	130	Mediamaster 10p	155xd		6.25	1.9	5.7	12.9
220	130	♦Miss World 10p	185	+5	†5.2	3.3	4.0	10.7
90	62	Nationwide Leisure	67		Q3.75	2.5	7.9	(10.9)
17	8	♦Nimslo Int 20c	12		—	—	—	—
294	114	Orient Ex Hlds $0.125	141		—	—	—	—
41¼	23	♦Owners Abroad 3p	40¼	−½	1.5	2.3	5.2	11.7
90	46	Photax (Lon.)	71	−2	—	—	—	—
34	25½	♦P'dilly Radio NV 5p	29		2.0	♦	10.1	♦
76	25½	♦Pineapple 10p	72		—	—	—	—
391	280	Pleasurama 5p	325	+7	†7.5	3.6	3.2	12.1
178	136	Do. 7pcCnCmRedPf	151	+5	7%	—	6.5	—
157	94	Prismbeach	104	+1	0.85	6.9	1.2	17.6
43	18	♦Radio City 'A' NV	37	−1	—	—	—	—
58	33	♦Radio Clyde NV	48	−2	3.25	0.9	9.5	15.6
403	322	Really Useful Grp 5p	383		11.25	2.2	4.1	15.4
64	36½	Riley Leisure 10p	57	+½	—	—	—	—
230	129	Saga Hols. 20p	164	−½	4.6	2.6	4.0	13.9
335	148	Samuelson Grp 20p	255		2.4	6.5	2.2	9.2
125	73	♦Sangers Photo 10p	80	+5	♦12.2	1.5	3.9	24.4
178	93	Scoro 20p	96	−1	4.0	3.5	5.9	6.9
363	175	Scott. TV 10p	353		†10.5	3.3	4.2	10.1
27	7	♦SelecTV 10p	16		—	—	—	—
37	20	♦Spectrum 5p	25	−1	‡12.0	4.8	‡	2.6
160	119	Stanley Leisure	160	+2	s3.25	2.8	2.9	17.2
49¾	31	TSW 5p	40½	−½	2.05	2.6	6.0	9.2
226	137	♦TV-am 10p	206	−7	Q5.75	2.6	3.9	13.8
*279	144	TVS N/Vtg 10p	259	−4	M10.0	2.5	5.4	19.5
188	75	♦Television Serv 50p	75	−2	†2.0	2.9	3.8	11.6

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REGIONAL & IRISH STOCKS

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LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov 10	Nov 20	Nov 21	Dec 1
Nov 24	Dec 4	Dec 5	Dec 15
Dec 8	Dec 18	Dec 19	Jan 5

** New time dealings may take place from 9.00 am two business days earlier.*

Oil stocks lead blue chips lower as Government bonds turn easier in quiet trading

A grudgingly favourable response to the latest UK trade figures was offset in London securities markets by weakness in oil prices and in the pound. Government bonds eased as the sterling exchange rate index dipped below 68.0, while a retreat in oil stocks unsettled the equity blue chips.

Despite a rally towards the close, the FT Government Securities Index ended 0.21 down at 81.11. The stock market was flat at the end of the session. The FT-SE 100 index lost 17.27 to 1619.30, and the FT Ordinary index, at 1270.4, shed 12.20.

Weakness in the dollar discouraged buying of the international equities. **British Petroleum** and **Shell** gave ground as lower crude oil prices indicated concern over reports that Saudi Arabia intends to try to increase its oil output, while also pressing for higher prices.

But despite the fall in share prices, turnover in BP (3.5m shares) and Shell (1.5m) was unexciting.

Glaxo continued to give ground, *although the Scrip Pharmaceutical League Tables, published this week, disclosed that the group has jumped from No 18 to No 11 on a 22 per cent sales increase in dollar terms.*

Beecham, cleared to sell its anti-arthritis drug in the UK, was likewise unable to withstand the downward trend in the stock market.

Cable & Wireless, hit by reported problems surrounding the Japanese telecommunications project, was another weak feature. **Saatchi & Saatchi** gave up some of this week's gain as US buyers stayed on the sidelines.

However, two notable exceptions came from the banking and mining sectors. Suggestions that **Barrick Resources**, the Canadian gold producer, has taken a 5 per cent stake, boosted **Consolidated Gold Fields**, which has been a speculative target *for some months. Meanwhile,* **Standard Chartered** came in for renewed speculative buying.

Early losses in gilt-edged securities were trimmed as sterling moved above the day's low against the German mark. The long end closed a net ¼ or so down. The Government bond market appears willing to tolerate daily fluctuations in sterling, provided that the exchange rate index remains above 67.0.

Standard Chartered advanced strongly to 835p before closing 26 *higher on balance at 834p following* renewed speculative support in a market short of stock after Monday's announcement that Tan Sri Khoo Tech Puat had increased his stake in the company to 6.28 per cent. The rise in the shares was also accompanied by suggestions that Mr Puat could possibly be forced to sell his stake in Standard as a result of his eldest son's alleged involvement in the National Bank of Brunei scandal. **Barlays**, meanwile, at 478p, lost 7 of the previous day's rise of 15 *which greeted the bank's sale of* its South African interests. **Lloyds** drifted down 5 to 428p and **Midland** relinquished 3 at 552p. **NatWest** eased 2 at 496p. Elsewhere, **Hambros'** interim figures were deemed slightly disappointing and the shares cheapened a couple of pence at 232p, while **Chancery Securities** gave up 3 at 138p following half-yearly figures.

Apart from a jump of 40 points to £815 in West German concern, **Allianz**, Insurances were devoid of features.

Ten million shares in **TSB** were traded yesterday, but the price lost further ground to close ½ down at 76p.

Engineering concern **Ward group** staged a satisfactory market debut, *the shares closing at 103p* compared with the placing price of 97p.

Iterim profits from **Allied-Lyons**—including gains from property disposals of £14.4m—easily matched most market expecta*tions. Nevertheless,* profit-taking ensued in a lively turnover—7.3m shares changed hands—and the close was 7 lower at 312p. Greenwell Montague rate Allied as the cheapest stock in the sector, while **BZW** have upgraded their forecast for the current year to 325p. **Bass**, annual results expected December 4, eased a few pence to 736p, while **Whitbread**, another 3 off at 256p, remained dull in the wake of last week's half-timer. An adverse Press mention clipped **Guinness** 6 to 321p. Regionals were rarely altered, although occasional offerings in a restricted market left **Morland** 8 off at 390p.

Leading Buildings gave modest ground in the absence of buying interest. **Tarmac** were finally 12 lowed at 424p as the company revealed a US aggregates purch*ase; it is paying £15.8m for the* Ellis Transportation Company which owns Massey Sand and Rock in the Palm Springs area. **Blue Circle** slipped 4 to 641p and **RMC** softened a few pence to 627p. **BPB Industries**, a firm market of recent days on talk of an imminent broker's recommendation, gave up 5 to 506p ahead of tomorrow's interim results. **Magnet and Southerns** eased 3 to 215p awaiting today's half-timer, while **Marshalls (Halifax)** at 196p, lost Monday's rise of 4 that followed the good interim statement.

Among the occasional movements in the Chemical sector, **Leigh Interests** hardened 2 to 117p in reply to the good interim figures, while **Allied Colloids** were a shade firmer at 225p following a broker's recommendation. Elsewher, **Amersham International** picked up 10 at 444p reflecting sporadic buying interest in a market short of stock.

W. H. Smith feature

Speculative buying in a market none-too-well supplied with stock helped **W. H. Smith "A"** feature Stores with a rise of 8 to 277p, after 279p. **Woolworth** hardened a couple of pence more to 865p on further consideration of the group's application for an ADR facility on the New York Stock Exchange and the proposed launch of a new high street retailing chain for children called "Kids Store." **Sears**, however, cheapened a penny at 126½p and **Harris Queensway** gave up 3 at 212p. Elsewhere, speculative support helped **Cantors "A"** rise 4 at 148p and **Lincroft Kilgour** add 5 at 260p. **Goldsmiths**, recently rumoured to be on Combined English's shopping list, hardened a couple of pence more at 248p. **Alexon** lost 5 at 212p and **Etam** relinquished 4 at 203p.

Cable and Wireless, a firm market of late following the good interim results, succumbed to profit-taking and fell 14 to 320p. Other Electrical leaders failed to take Monday's advance a stage further as buyers withdrew. **Plessey** gave up 4 at 167p and **GEC** declined 3 at 181p. Secondary stocks featured **D. J. Security Alarms** 17 higher at 105p on revived takeover speculation, while **Memec** put on 8 at 243p and **Oceonics** firmed 3 at 12p. **Dataserv** closed easier at 200p following late news of the share exchange bid worth 205p per share from Bell South Corporation.

[illegible] 176½p. Among Retailers, **Tesco** drifted off to close 9 cheaper at 375p, while **ASDA-MFI** gave up 4 to 151p and **Dee Corporation** cheapened 3 to 204p. **Kwik Save** were 2 off at 253p in front of today's annual results.

Leading Hotels displayed small irregular movements. **Grand Metropolitan** *softened to 458p and* **Ladbroke** eased 4 to 360p, but **Trusthouse Forte** were a resilient market [illegible]

Williams Holdings up

[illegible] arrangement. Among the leaders, **Hanson Trust**, scheduled to reveal preliminary figures on December 4, were a quieter market (2.3m) and closed 4 cheaper at 197½p. **Glaxo** gave up 17 to 896p and **Beecham** 10 to 413p, but **BOC**, annual results due next Tuesday, hardened a shade to 333p.

Television issues were marked lower following a bout of profit-taking. [illegible]

[illegible] to 303p. Heavier-priced stocks to the fore included **Eucalyptus Pulp**, 43 higher at 828p, and **Carlton Communications**, 20 up at 960p.

A lack-lustre Property sector showed *MEPC a shade easier at* 346p awaiting *today's* annual results. **Land Securities** slipped 2 to 337p, but **Hammerson A** edged up 5 to 440p. Elsewhere, recently-dull **Bredero** attracted revived demand and closed 10 higher at 138p, *while Abaco improved 2¾ to* 67p amid talk that the company is on the acquisition trail. **Imry**, still awaiting the outcome of bid discussions, lost 10 at 370p, while **Southend Stadium** shed 6 to 288p following profit-taking.

Many Textile issues resisted the general move lower. Some rose strongly on trading statements with **Lister and Co.** advancing 16 to 139p following doubled first-half profits. **Tomkisons** initially responded to good preliminary results, touching 230p before easing on profit-taking to settle only magrinally higher on balance at 225p. Sympathetic gains were recorded by **Victoria Carpets**, 7 dearer at 128p, and by **S. Lyles**, which firmed 6 to 103p. An investment recommendation helped **S. Jerome** *rise 9 to 119p, a movement* which also whetted bid speculation. **Readicut's** major acquisition was a talking poit but consideration of the big vendor placing needed to fiance the deal—it involves nearly 21m shares at 40p per share—caused the price to react 2 to 43p. Sector leader **Courtaulds** went down with other blue chips to close 7 lower at 317p; city analysts predict interim profits in the region of £75m to £80m and a useful hike in the dividend when the group reports today. Slightly disappointing mid-term figures lowered **Bulmer and Lumb** 5 to 113p, while after-the-event profit-taking brought **Sekers** back 4 to 114p.

M and G performed badly as stock bought through the Kleinwort Benson offer-for-sale of 28m shares at 270p per share was sold. A steady stream of orders from investors anxious to reduce their holdigs exacted quite a toll on the price which closed 7 down on the day at 266p, after 263p. Other recently-favoured Financials backtracked as profit-takers appeared and **Mercantile House** shed 5 to 329p. **NMC Investments** were 8 lower at 203p but small demand raised **J. T. Parrish** 15 to 305p and **Berkeley Technology** 8 to 238p.

Lower crude prices prompted by Saudi Arabia's crrent stance on pricing and production levels made for a dull day among the Oil majors. Dealers reported only *sporadic selling,* but in the absence of any worthwhile buying interest, prices came back quite sharply. **British Petroleum** settled 12 down at 689p, while **Shell** finished 14 lower at 953p. **Britoil**, a *particularly good market of late, came back 5½ to 153½p and* **Enterprise** lose a similar amount at 153p. **Century** shed 6 to 128p on disppointment with the interim figures, but **Conroy Petroleum** continued to attract buyers in the wake of the optimistic mineral *drilling report and advanced to* 650p prior to closing unchanged at 635p.

ConsGold lively

Consolidated Gold Fields, marked down to 653p in the early business following Monday night's "World In Action" television programme, soon attracted buyers and finally settled 15 up on balance at 674p as unconfirmed reports that Barrick Resources has inereased its stake in the company to around 5 per cent proved to *be sufficient to* stimulate bout of takeover fervour.

South African Golds put on a steady-to-firm showing reflecting a minor recovery by precious metal prices and a relatively resilient performance by the Financial Rand which traded within narrow limits as further thoughts regarding Barclays' disinvestment in the Republic had no apparent effect on sentiment.

Consequently, Golds recovered some of the ground lost during Monday's shake-out. Heavyweights *went better under the lead of* **Randfontein**, £60⅝, and **Amgold**, £49¾, both 1⅜ to the good. Among the more marginal stocks, **Venterspost** improved 26 to 520p, while **Stilfontein** advanced 9 to 406p. The FT Gold Mines index rose 3.5 to 295.2.

Australian mines closed around the day's best. Dealers reported revived overseas interest for Sydney and Melbourne markets with sentiment aided by a firmer domestic dollar. **Western Mining**, 210p, and **CRA**, 309p, improved 9 and 11 respectively, while **Peko-Wallsend** hardened a few pence to 287p. Golds more than recovered Monday's losses. **Poseidon** advanced 15 to 251p, and **Metana** improved 12 to 280p.

Southern Resources hardened to 54p as **Maitland Mining**, unchanged at 20p, decided not to proceed with its partial offer. **Windsor Resources** rose 3 to 52p in response to the encouraging tenor of the chairman's statement at the annual meeting, particularly regarding the Mulgarrie prospect. **Ivanhoe** were quoted at 75p; the price shown in recent issues was incorrect.

Demand for Traded Options improved with total contracts struck amounting to 31,603. The FT-SE 100 index contributed 965 calls and 1,076 puts. Elsewhere, business continued to centre on Hanson Trust which recorded 5,727 calls and 788 puts. Guinness were also lively and in an evenly-balanced business attracted 1,005 calls and 1,120 puts. Operators also returned for positions in TSB with 1,719 calls and 1,907 puts transacted.

FINANCIAL TIMES STOCK INDICES

	Nov. 25	Nov. 24	Nov. 21	Nov. 20	Nov. 19	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	81.11	81.32	81.00	80.48	80.76	83.95	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.29	88.42	88.15	88.04	88.35	89.34	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,270.4	1,282.6	1,274.2	1,259.8	1,258.8	1,128.5	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	295.2	291.7	311.5	309.1	310.9	306.6	357.8 (22/9)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.48	4.43	4.46	4.50	4.50	4.32				
Earnings Yld.%(full)	10.36	10.26	10.33	10.43	10.44	10.76				
P/E Ratio (net) (*)	11.81	11.91	11.83	11.73	11.72	11.46				
SEAQ Bargains (5pm)	25,600	27,792	34,762	27,162	26,360	—				
Equity Turnover (£m)	—	954.89	1243.87	717.635	1396.75	659.97				
Equity Bargains	—	36,762	43,848	35,687	36,439	34,627				
Shares Traded (ml)	—	422.7	500.3	408.4	359.9	300.4				

S.E. ACTIVITY

Indices	Nov. 24	Nov. 21
Gilt Edged Bargains	141.6	155.2
Equity Bargains	238.2	284.1
Equity Value	1930.1	2514.2
5-Day Average		
Gilt Edged Bargains	145.5	140.7
Equity Bargains	247.7	247.9
Equity Value	2113.1	2124.6

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1277.3	1275.8	1273.7	1276.2	1273.8	1272.0	1271.3	1272.0

Day's High 1277.3. Day's Low 1269.6.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.33.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Traditional Options

- **First dealings** Nov 17 Dec 1 Dec 15
- **Last dealings** Nov 28 Dec 12 Jan 2
- **Last declaration** Feb 19 Mar 5 Mar 19
- **For Settlement** Mar 2 Mar 16 Mar 30

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Amstrad, Sheraton, Conroy, Equity and General, Sound Diffusion, Tricentrol, Guinness Peat, Camford Engineering, STC, Glanfield Lawrence, Burton, Cowan de Groot, Howard Shuttering, Trusthouse Forte, Riley Leisure, Mitchell Cotts, S. W. Wood, Next, United Scientific, Hawtin, Aberfoyle, C. H. Bailey, Thomson T-Line, N.M.C. Investments, Fergabrook, Control Securities, London Investment Trust and Stone International. Puts were struck in Cable and Wireless, Burton and Conroy, while double options were taken out in STC, Conroy and Tricentrol.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change
Asda-MFI	1,000	151	−4
Allied Lyons	7,300	312	−7
BAT	878	452	−7
BOC	974	333	+1
BTR	1,100	278	−4
Barclays	614	478	−7
Bass	135	736	−7
Beecham	2,200	413	−10
Blue Circle	304	641	−4
Boots	1,200	226	−2
Brit. Aero	444	491	−1
Britoil	3,100	153½	−5½
BP	3,500	689	−12
Brit. Telecom	5,200	194	−1½
Burton	1,000	271	−5
Cable & Wire	8,000	320	−14
Cadbury Schwps	2,700	176½	−3
Comm. Union	1,700	258	−4
Cons. Gold	1,700	674	+15
Courtaulds	2,000	317	−7
Dixons Grp	2,700	319	−8
Fisons	338	557	−½
Gen. Accident	67	802	—
Gen. Elect	1,900	181	−3
Glaxo	1,000	896	−17
Grand Met	1,600	458	−½
Gus "A"	171	£10⅛	−⅛
Guardian R.E.	62	764	−4
GKN	2,100	264	−1
ICI	733	£10⅜	−⅛
Jaguar	1,200	514	+4
Ladbroke	369	360	−4
Land Securities	1,800	337	−2
Legal & Gen.	434	240	−2
Lloyds Bnk	626	428	−5

NEW HIGHS AND LOWS FOR 1986

NEW LOWS (13)

AMERICANS (1) American Tel. & Tel. BANKS (2) Deutsche Bank, MCorp. ELECTRICALS (3) Highland Elect, INSTEM, Northamber. FOODS (1) Avana. INDUSTRIALS (2) Amari, Huntleigh Tech. LEISURE (2) Lewmar, Television Services. PROPERTIES (1) Slough Estates 11¼pc Deb 2019. TRUSTS (1) St David's Inv Tst Inc.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

LONDON TRADED OPTIONS

RISES AND FALLS YESTERDAY

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

NETHERLANDS

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

FRANCE

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices November 25

[illegible]

MONTREAL

Closing prices November 24

[illegible]

Total Sales 3,878,573 shares

F—No voting rights or restricted voting rights.

Indices

NEW YORK

[illegible]

TORONTO	Nov 25	Nov 24	Nov 21	Nov 20	1986 High	1986 Low
Metals & Minls	2,080.40	2,108.8	2,089.83	2,072.8	2,442.85 (21/3)	1,817.4 (5/8)
Composite	3,024.58	3,028.9	3,021.38	3,014.2	3,129.11 (18/4)	2,754.3 (17/2)
MONTREAL Portfolio	1,535.16	1,540.8	1,534.31	1,524.1	1,623.33 (16/4)	1,386.6 (22/1)

* Indicates pre-close figure

Advances 633 Declines 892

[illegible]

** Saturday November 22: Japan Nikkei 17,848.2. TSE 1,448.87.

Base values of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 43

[illegible]

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

BBA	128	+ 6
Con G Fields	674	+15
DJ Sec. Alarms	105	+17
Eucalyptus	828	+43
Jerome	119	+ 9
Lister	139	+16
Lyles	103	+ 6
Parrish	305	+15
Poseidon	251	+15
Powell Duffryn	295	+14
Smith (W H)	277	+ 8
Smurfit (Jeff)	295	+ 9
Stand Chart	834	+26
Vict Carpets	128	+ 7
West Mining	210	+ 9
Will Hldgs	577	+39

FALLS

Tr 7¾% '12-15	£75⅞	− ½
Allied Lyons	312	− 7
BP	689	−12
Britoil	153½	− 5½
Cable & Wire	320	−14
Courtaulds	317	− 7
M & G Group	268	− 7
NMC Invs	200	− 8
Shell Trans	953	−14
TV-am	206	− 7
Tarmac	424	−12
Thames TV	297	−11
Unigate	305	− 8

UK COMPANY NEWS

IN-DEPTH REPORTING DAILY IN THE FT

GTE employs anti-takeover devices to fend-off predators

BY WILLIAM HALL IN NEW YORK

GTE CORPORATION, the US telecommunications group which was the subject of takeover speculation a few weeks ago, has announced plans to put in place several anti-takeover devices which will make it less vulnerable to an unwelcome bid.

GTE said yesterday that it was submitting several proposals, "designed to promote the continued stability of GTE's businesses and to protect the best interests of the company and all its shareholders," at a special shareholders meeting scheduled for December 24.

One proposal relates to "multi-step" hostile attempts to acquire the company that are not approved by the board of directors.

The amendment requires that unless minimum price and procedural conditions are met, certain transactions involving the company and any shareholder of more than 10 per cent of its outstanding voting stock must be approved by at least 80 per cent of all outstanding voting stock.

The proposal would also permit the board of directors, when considering a tender or exchange offer, to consider all relevant factors including its social, legal and economic effects.

Among the other proposals on which shareholders will be asked to vote are the introduction of a staggered board of directors, and the prohibition of the payment of "greenmail."

Bank of Montreal profits higher

BY BERNARD SIMON IN MONTREAL

BANK OF MONTREAL (BMO), Canada's second biggest banking group, raised net earnings to C$353m (US$255m) in the year ended October 31, from C$339.2m in the previous 12 months. Income per share slipped from C$3.75 to C$3.70, reflecting new share issues.

The improvement, due largely to the strong performance of BMO's Chicago-based subsidiary Harris Bankorp, was achieved despite a sharp rise in loan loss provisions, and a decline in fourth quarter income from C$91.7m to C$81.2m.

Loan losses rose by 83 per cent in fiscal 1986 to C$605m, reflecting higher provisions on energy loans because of the slump in oil and gas prices.

Bad debt provisions shown on the income statement, which are calculated on a five-year moving average, rose from C$429m to C$521m. A 49 per cent increase in non-performing loans to C$2bn was also due largely to difficulties in the energy sector.

BMO's assets totalled C$87.2bn on October 31, up from C$82.4bn a year earlier. Return on average assets fell from 0.43 per cent to 0.41 per cent, but stood at an annualised rate of only 0.36 per cent in the fourth quarter.

Nearly half the rise in interest income from C$1.97bn to C$2.08bn came from Harris, which showed strong asset growth and wider interest margins.

BMO said that overall interest margins narrowed by seven points over the year as a result of foregone interest from many petroleum industry borrowers, lower international money market spreads and relatively strong growth in low-margin business.

Texas Air link gets go-ahead

By Charles Hodgson in New York

SHAREHOLDERS of Eastern Airlines yesterday approved the troubled US carrier's $670m merger with Texas Air at a meeting disrupted by angry union officials.

The merger, which was approved by 70 per cent of the airline's common and preferred stockholders, appears to end slim union hopes that their last-ditch alternative offer for Eastern might be considered.

On Monday, a judge in Miami rejected a union suit seeking to block yesterday's shareholders' meeting and to force the airline's management to consider the unions' $830m alternative proposal.

Mr Charles Bryant, head of Eastern's machinists' union, accused management of "giving away the company." Texas Air, whose chairman, Mr Frank Lorenzo, took over the chair at Eastern in a sweeping management shake-up last month, already owns 51 per cent of the Miami-based airline. Mr Lorenzo has made it clear he intends to cut wages and press for productivity improvements in a bid to restore Eastern to profitability.

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FRANCE

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26½	15	AAR s	.44	1.9	17	273	23⅜	23⅛	23¼	+⅛
30	21¾	ADT	.92	3.6		976	26¼	25⅞	25⅞	−⅛
33	15	AFG s	.12l	.4	14	254	28⅛	27⅞	28	
25⅞	16¾	AGS			17	466	25¼	24⅝	25¼	+½
62⅞	39⅛	AMR			14	3951	58⅞	57¾	58⅝	+¾
16¾	10	ARX	.71t	6.5	10	17	11	10¾	11	+¼
41½	28¾	ASA	2a	5.7		661	35¼	34½	35⅛	+¼
16⅝	9¾	AVX		2.7		212	12	11¾	11¾	+⅛
32	25½	AZP	2.72	9.4	9	1384	29⅛	28⅞	28⅞	−⅛
55	30¼	AbtLb s	.84	1.8	21	2825	48	47½	47⅞	+⅜
32	23⅝	AccoWd	.56	2.1	17	115	26¾	26½	26¾	+¼
14⅞	9	AcmeC	.40	3.8		149	10⅝	9⅞	10⅝	+½
9¼	6¼	AcmeE	.32b	5.0	16	2	6⅜	6⅜	6⅜	−⅛
23⅞	17½	AdaEx	4.45e	21.		116	20¾	20⅝	20¾	+¼
33⅜	19⅛	AdmMl	.48	1.7	13	31	27¾	27½	27¾	+⅛
20⅜	12⅛	AdvSys	.45t	9.4	14	38	15½	15¼	15½	
32⅞	12⅞	AMD				1427	15⅞	15⅝	15¾	−¼
12⅝	5¼	Adobe				147	6⅛	5⅞	6⅛	+⅛
18⅝	13¾	Adob pf	1.84	11.		4	16⅜	16¼	16¾	+¼
20¼	16⅝	Adob pf	2.40	14.		80	17¾	17¾	17¾	
18⅝	10	Advest	.12a	.9	10	127	13⅞	13⅝	13¾	
66¼	49⅞	AetnLf	2.64	4.6	9	6282	57½	56⅞	57½	+⅜
56⅝	51½	AetL pf	3.94e	7.5		12	52¾	52¾	52¾	
101½	87¼	AetL pfC	5.95e	6.7		50	88⅝	88⅝	88⅝	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 43

NYSE COMPOSITE CLOSING PRICES

Continued from Page 42

[illegible]

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
72¼	48⅝	Xerox	3	5.0	13	6209	58¾	58¼	58¾	
58¼	54	Xerox pf5.45		9.5		847	57¼	57	57¼	
28¾	20¾	XTRA	.64	2.8		115	22⅞	22⅜	22⅞	+¼
18¾	13½	Yorkin n				580	17¼	16½	16⅝	−½
49	28½	ZaleCp 1.40		2.9		2344	48⅞	48⅝	48¾	
38¾	22½	Zale pfA .80		2.1		1	38⅝	38⅝	38⅝	−⅛
9½	2¼	Zapata .03j				3584	2½	2¼	2⅜	−⅛
43⅞	20¾	Zayre s .32		1.2	19	2857	26⅞	26⅜	26¾	+⅛
17	9¾	Zemex .40		3.2	20	29	12⅞	12⅝	12⅝	
29⅞	17⅞	ZenithE				703	21½	20⅞	21	−¼
18¼	8	ZenLb s			62	658	10⅛	9⅞	9⅞	−¼
22⅜	12⅝	Zero s	.28	2.1	14	122	14	13¾	14	
45¾	32¾	Zurnin 1.32		3.2	16	125	40¾	40⅜	40⅝	−⅛
10⅜	8½	Zweig n				309	9⅞	9⅝	9¾	−⅛

U U U

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
64¾	46¼	UAL	1	1.7		3204	59¼	57⅞	59¼	+1⅜
26⅜	14	UCCEL			25	244	25¼	24¾	25¼	+⅜

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in-full. yld-yield. z-sales in full.

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SWITZERLAND

AMEX COMPOSITE CLOSING PRICES

[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

[illegible]

Continued on Page 41

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET
Weak bonds inhibit sentiment

DESPITE a weak bond market, Wall Street stock prices drifted higher yesterday managing to close above the psychologically important 1, 900 level of the Dow Jones industrial average.

Bond prices fell on profit-taking after October durable goods and consumer price index figures turned out to be favourable for the market.

The Dow industrial ended up 6.05 at 1,912.12 after spending most of the morning lower than the previous close. The New York Stock Exchange composite index did not fare quite as well as the blue-chip Dow index, edging up 0.36 to 142.05. Volume was moderately heavy at 155.3m, with advancing issues outpacing those declining by 845 to 719.

Among blue chips Coca-Cola slipped $¼ to $35⅝, General Electric was up $3 to $83⅝, ITT gained $⅝ to $55, Kellogg eased down $⅛ to $52, McDonald's slipped $⅛ to $64¼ and Xerox was unchanged at $59⅝.

Carter Hawley Hale, a department stores group, jumped $7¼ to $50½. A partnership of Edward Debartolo Corp, a shopping mall developer, and Limited Inc, another stores chain, made an offer of $55 a share. Limited's shares rose $⅝ to $32½.

Eastern Air Lines gained $⅝ to $9¾. Shareholders voted for the merger with Texas Air at $10 a share. Texas gained $1¾ to $37¼.

Other airline stocks were generally ahead on reports of heavy booking for the holiday season beginning tomorrow with Thanksgiving Day.

Minstar, the main company run by Mr Irwin Jacobs, the corporate raider, said it was buying back 4.5m shares, roughly 25 per cent of the total. It is believed that some unwelcome investor has been buying into the company. Its share price advanced $3 to $23.

Gillette recovered partially rising $1⅛ to $47. The shares had been hard hit on Monday when the company said it was *buying back shares from stockholders* but mainly for the benefit of Mr Ronald Perelman, a New York investor who dropped his $65-a-share bid for the company.

Chesebrough-Ponds soared $4¼ to $49¾ on rumours it was Mr Perelman's next target. But after the market had closed, American Brands, up $⅝ at $44¼, launched a $66-a-share bid valuing the company at $2.8bn.

USX, the steel and energy group being stalked by Mr Carl Icahn, fell $⅝ to $20 compared with his initial offer of $31a share. Speculation is growing that USX may buy out Mr Icahn's stake in the company if he agrees to drop his overtures.

The most active issue with 6.1m shares traded was Duquesne Light, a Pittsburgh-based utility. Its shares were unchanged at $13⅜. It trades ex-dividend today.

Among companies reporting results Wickes edged up $⅛ to $4. The acquisition-hungry company recently had to abort its offer for Lear Siegler because it could not raise sufficient bank financing.

Credit markets demonstrated again their tendency to take profits on good news. The fall in durable goods orders, while far steeper than expected, was not quite as severe as appeared at first glance. None the less, it reinforced the markets' perception that the sluggish economy will need some form of stimulus from lower interest rates somewhat sooner rather than later. The 2 per cent rise in consumer price index in October was also a good sign for the market because it indicated the inflation rate was *not poised to accelerate.*

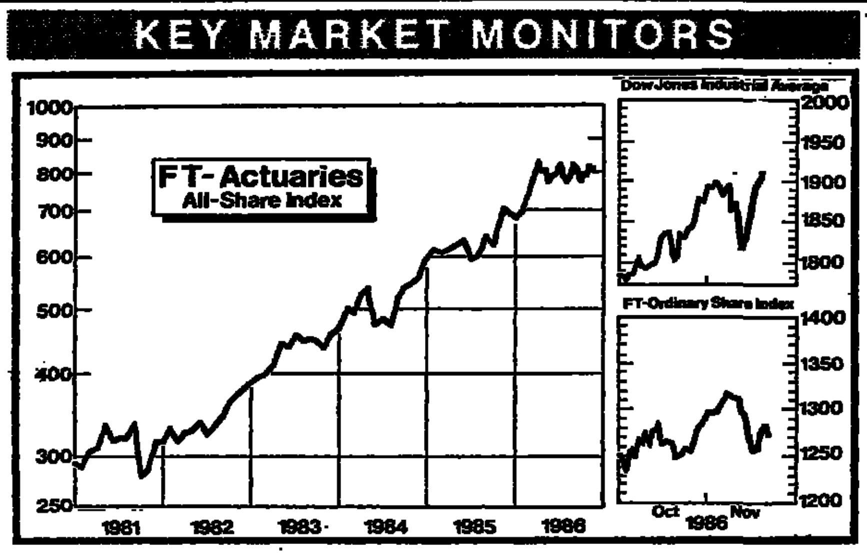
Despite this news, government bond prices fell across the full range of maturities. The 7.50 per cent benchmark Treasury long bond fell 18/32 of a point to 100 25/32, yielding 7.43 per cent.

Three-month Treasury bills gained six basis points to 5.39 per cent, six-month bills rose five basis points to 5.42 per cent and year bills put on three basis points to 5.46 per cent.

The average yield on the $8.29bn of five-year Treasury notes auctioned yesterday was 6.66 per cent, up from 6.51 per cent at the previous five-year note auction on August 27 and the highest since May 28.

The Federal Reserve made $1.5bn of customer repurchases when the Fed funds rate stood at 5 15/16 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Nov 25	Previous	Year ago
NEW YORK			
DJ Industrials	1,912.12	1,906.07	1,456.65
DJ Transport	846.13	844.50	676.26
DJ Utilities	212.81	213.27	165.37
S&P Composite	247.30	246.33	223.09
LONDON			
FT Ord	1,270.4	1,282.6	1,128.5
FT-SE 100	1,619.3	1,636.5	1,455.5
FT-A All-share	806.11	812.36	693.77
FT-A 500	880.62	888.80	761.74
FT Gold mines	295.2	291.7	306.6
FT-A Long gilt	10.76	10.70	10.30
TOKYO			
Nikkei	17,747.50	c	12,783.4
Tokyo SE	1,457.83	c	1,008.40
AUSTRALIA			
All Ord.	1,350.8	1,337.6	1,000.2
Metals & Mins.	655.0	641.5	499.1
AUSTRIA			
Credit Aktien	233.35	233.90	235.91
BELGIUM			
Belgian SE	3,982.39	3,969.38	2,986.36
CANADA			
Toronto			
Metals & Minls	2,089.40	2,014.50	1,921.00
Composite	3,024.90	3,026.10	200.35
Montreal			
Portfolio	1,535.16	1,541.42	137.04
DENMARK			
SE	190.33	191.36	219.62
FRANCE			
CAC Gen	392.90	392.40	248.3
Ind. Tendance	154.50	153.70	93.3
WEST GERMANY			
FAZ-Aktien	683.09	679.31	601.51
Commerzbank	2,065.50	2,046.60	1,774.5
HONG KONG			
Hang Seng	2,361.12	2,343.59	1,736.49
ITALY			
Banca Comm.	718.35	715.25	430.67
NETHERLANDS			
ANP-CBS Gen	284.80	285.90	239.2
ANP-CBS Ind	286.00	286.50	214.1
NORWAY			
Oslo SE	382.27	n/a	406.68
SINGAPORE			
Straits Times	888.26	867.02	729.23
SOUTH AFRICA			
JSE Golds	—	1,774.0	1,277.1
JSE Industrials	—	1,383.0	1,045.9
SPAIN			
Madrid SE	185.68	187.58	100.35
SWEDEN			
J & P	2,500.24	2,515.52	1,569.51
SWITZERLAND			
Swiss Bank Ind	586.20	587.10	535.2
WORLD	Nov 24	Previous	Year ago
MS Capital Int'l	343.2	340.20	244.7

COMMODITIES

(London)	Nov 25	Prev
Silver (spot fixing)	370.25p	371.20p
Copper (cash)	£917.00	£921.00
Coffee (Nov)	£2,112.50	£2,197.00
Oil (Brent blend)	$14.325	$14.675

GOLD (per ounce)

	Nov 25	Prev
London	$384.75	$381.75
Zürich	$384.05	$380.50
Paris (fixing)	$380.80	$381.50
Luxembourg	$380.00	$379.30
New York (Dec)	$385.60	$382.4

CURRENCIES

	US DOLLAR		STERLING	
(London)	Nov 25	Previous	Nov 25	Previous
$	—	—	1.4225	1.4170
DM	1.9935	2.0190	2.835	2.8600
Yen	162.50	164.15	231.00	232.50
FFr	6.5275	6.6075	9.285	9.3625
SFr	1.6585	1.6885	2.36	2.3925
Guilder	2.2510	2.2815	3.2025	3.2325
Lira	1,378.75	1,396	1,970	1,981
BFr	41.45	41.95	59.00	59.45
C$	1.3855	1.3855	1.9725	1.9625

INTEREST RATES

	Nov 25	Prev
Euro-currencies (3-month offered rate)		
£	11⅛	11 3/16
SFr	4	4 1/16
DM	4⅝	4⅝
FFr	8⅛	8 1/16
FT London Interbank fixing (offered rate)		
3-month US$	6⅛	6⅛
6-month US$	6⅛	6 1/16
US Fed Funds	5 15/16*	5⅞
US3-month CDs	5.65*	5.925
US3-month T-bills	5.37*	5.53

US BONDS

Treasury	November 25* Price	Yield	Prev Price	Yield
6⅝ 1988	100 1/32	6.23	100 3/32	6.182
7⅛ 1993	101 24/32	6.96	101	6.93
7⅜ 1996	101 21/32	7.15	101	7.108
7¼ 2016	101 24/32	7.43	101 7/32	7.39

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	Day's change	Yield	Day's change
1–30	159.54	+0.00	6.90	+0.00
1–10	151.80	+0.02	6.59	+0.00
1– 3	141.81	+0.03	6.22	+0.00
3– 5	154.72	+0.00	6.70	+0.01
15–30	187.27	–0.06	7.90	+0.01

Source: Merrill Lynch

Corporate	November 25* Price	Yield	Prev Price	Yield
AT & T				
3⅞ July 1990	92.275	6.32	92.375	6.30
SCBT South Central				
10⅜ Jan 1993	106.644	9.45	107.038	9.37
Phibro-Sal				
8 April 1996	99	8.141	99	8.152
TRW				
8⅜ March 1996	103	8.261	103	8.276
Arco				
9⅞ March 2016	108.875	9.007	109.209	8.977
General Motors				
8⅛ April 2016	92.625	8.831	92.559	8.827
Citicorp				
9⅜ March 2016	99.50	9.423	99.953	9.377

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	99-21	100-22	99-17	100-09
US Treasury Bills (IMM) $1m points of 100%				
Dec	94.75	94.80	94.74	94.77
Certificates of Deposit (IMM) $1m points of 100%				
Dec	—	—	—	—
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	94.07	94.10	94.04	94.07
20-year Notional Gilt £50,000 32nds of 100%				
Dec	107-02	107-14	106-20	[illegible]-12

* Latest available figures

TOKYO
Inspiration derived from US

SPURRED by Wall Street's overnight advance, blue chips were bought heavily in Tokyo yesterday, driving share prices higher for the sixth consecutive trading day, *writes Shigeo Nishiwaki of Jiji Press.*

But the market's vigour was not so strong as large-capital stocks and pharmaceuticals lost popularity.

The Nikkei average of 225 select issues gained 99.27 from last week's finish to 17,747.50. Volume totalled 359m shares compared with Friday's 418m. Advances outran declines by 507 to 287 issues, with 154 issues unchanged.

Sentiment was bolstered by the close of the Dow Jones industrial average in New York above 1,900 for the first time in 10 weeks.

Oji Paper topped the active list with 23.72m shaes and advanced Y34 to Y784. Tokyu Land, also busy, gained Y24 to Y669 while Ebara jumped Y43 to Y848.

Fujitsu performed strongly, boosted by its plans to purchase the US Fairchild semiconductor group and tie up with American Telephone and Telegraph Co. Fujitsu, the second-busiest issue with 18.76m shares changing hands, rose Y10 to Y1,130. The issue had been out of favour since early October when Hitachi and NEC advanced, supported by institutional investors' active buying.

NEC added Y40 to Y2,030, Nippon Columbia Y10 to Y1,690 and Canon Y40 to Y1,130. Toshiba, the third most active stock with 14.65m shares traded, rose Y30 to Y637.

But Sony lost Y70 to Y3,630 and TDG Y20 to Y4,180, affected by small-lot selling.

Some housing-related issues were sought, with Daiwa House soaring Y80 to Y1,870, Sekisui House Y70 to Y1,700 and TOTO Y50 to Y1,880.

Buying interest faded in issues related to land redevelopment projects, with Japan Steel Works shedding Y5 to Y355 and Sumitomo Heavy Industries Y6 to Y252.

Small-lot selling pushed down pharmaceuticals. Takeda declined Y20 to Y2,300, Yamanouchi Y110 to Y3,230 and Dainippon Pharmaceutical Y50 to Y3,210.

Large-capital stocks fared poorly. Tokyo Electric Power closed Y140 lower at Y7,560 and Nippon Kokan ended at Y209, unchanged from last week's finish.

Bond prices opened steady in reponse to the firmness of the US bond market since late last week. Later, however, the prices moved in a narrow range due to investor concern over the course of talks on issue terms for December long-term government bonds.

A cut in the coupon rate on the December issue is considered unavoidable. Attention is focused on whether it will be lowered by 0.1 per cent or 0.2 per cent from the present 5.4 per cent.

As a result, the benchmark 6.2 per cent government bond, maturing in July 1995, was neglected. Instead, trading focused on the 5.1 per cent bond, a possible candidate to replace the 6.2 per cent bond as the benchmark issue. The yield on the 5.1 per cent bond, falling due in June 1996, opened at 5.500 per cent and ended at 5.535 per cent

CANADA

GOLDS were one of the few bright spots in Toronto, which traded generally lower.

Among golds, which rose on the firmer bullion price, Lac Minerals traded C$⅝ up to C$27½ and Echo Bay Mines C$¼ up to C$29¼.

Elsewhere among actives, Bank of Nova Scotia was C$¼ lower at C$16⅝, and Dome Petroleum fell 5 cents to 90 cents.

Lower oils saw Imperial Class A trade C$⅝ down to C$31 and Gulf Canada C$¼ down to C$13.

In Montreal banks were higher, but other sectors were down.

EUROPE
Transatlantic worries hit Amsterdam

THE WEAKENING dollar had a mixed effect on the bourses yesterday with some of the major markets shrugging off any possible concern about the declining trend of the US currency.

Amsterdam, *however,* lost some ground as prices suffered from profit-taking amid worries that Wall Street's advance could be ready for a turnround. The ANP-CBS index, set at mid-session, lost 1.10 to 284.80.

Internationals took the brunt of the selling, with Royal Dutch down Fl 4.20 to Fl 83.90 and Unilever Fl 3.50 to Fl 501.50. KLM, however, closed with a 10-cent rise to Fl 46.40.

Elsewhere, banks, which had registered some gains on Monday, fell back. ABN was Fl 6 down to Fl 557.00 and NMB 50 cents lower at Fl 209.00. Amev, which reported an almost 5 per cent increase in the first nine months, lost Fl 1.50 to Fl 76.

Frankfurt largely ignored the weaker dollar with demand for shares in most sectors boosted by foreign buying.

Chemical share Bayer led much of the rise. It scored a DM 6 increase to DM 303 after forecasting a record 1986 profit.

Elsewhere in the sector, which has been hit by reports of toxic spills recently, Hoechst rose DM 6.50 to DM 258 and BASF DM 4 to DM 271.50.

Banks, which are expected to announce strong interim figures soon, were all higher at the close. Deutsche finished DM 6 up at DM 838, Commerzbank DM 5.50 to DM 320 and Dresdner DM 5.50 to DM 418.50.

Among car makers VW rose DM 7.90 to DM 440.90 on continued reaction to its joint South American plan with Ford, Daimler added DM 2 to DM 1,328, but BMW lost DM 1 to DM 597.

Mannesmann fell DM 6.50 to DM 188 on continuing reaction to lower third-quarter profits and turnover announced on Monday.

Profit-taking left bonds mixed with long maturities fluctuating between gains and losses of 40 basis points. Some support was provided by hopes of lower worldwide interest rates.

The Bundesbank sold DM 74.7m worth of paper in its daily market balancing operation

Zurich eased back from its peak although volume remained reasonably strong. Nestlé, which forecast little change in profits for the year and that it did not intend quitting South Africa, fell SFr 175 to SFr 9,625.

Chemicals were still unsettled after recent pollution incidents. Hoffmann-La Roche "Baby" gained ground early in the session but slipped SFr 150 to close at SFr 11,800. Ciba-Geigy managed a SFr 150 rise to SFr 3,500.

Milan shrugged off a cautious start to finish modestly higher after Monday's strong gains. Industrials, insurers and selected banks enjoyed most of the activity.

Brussels scored another rise in a technical recovery from last week's declines. The Belgian Stock Exchange index rose 13.01 to 3,982.39.

Groupe Bruxelles Lambert rebounded BFr 30 to BFr 3,780 while its affiliate Cobepa closed BFr 150 higher at BFr 4,850.

SGB edged BFr 5 lower to BFr 3,225 ahead of a forecast of doubled earnings this year.

A stronger **Paris** focused on construction and electricals issues. Trading in Penarroya, suspended on Monday, resumed boosting the group 38 per cent higher to a close of FFr 49.90 following news of financial help from its parent company Imetal, which rose FFr 5 to FFr 73.

Stockholm turned easier on concern over domestic credit markets. Astra retreated SKr 5 to SKr 555 while Volvo, which is selling one of its two brokerage units to Proventus, added SKr 1 to SKr 371.

Madrid retreated on profit-taking.

Swedish business lost abroad, Page 23

HONG KONG

OVERSEAS institutions continued to buy strongly in Hong Kong, boosting the Hang Seng index 17.53 to a peak of 2,361.12. Earlier in the session the index had gained almost 29 points, but this was later reduced by profit-taking.

Properties, which led much of Monday's rise, continued their advance, with Hongkong and Kowloon Wharf and Hongkong Land rising 10 cents to HK$8.65 and HK$6.40, respectively. Cheung Kong added 50 cents to HK$34.25 while SHK was steady at HK$17.80.

Among banks East Asia added 10 cents to HK$21.80, but Hongkong and Shanghai was unchanged at HK$8.25. Utilities closed mixed but with a firmer bias.

LONDON

THE COMBINED weakness in oil prices and in sterling offset a mildly favourable response in London markets to the latest UK trade figures.

Blue chips were unsettled by the retreat in oil prices, and the FT Ordinary index dropped 12.20 to 1,270.4 and the FT-SE 100 lost 17.27 to 1,619.30.

Internationals were also inhibited by the retreat of the dollar. BP dropped 12p to 689p on turnover of 3.5m shares.

Early losses in the gilts market were trimmed as sterling moved above the day's low against the D-Mark. The long end closed ¼ point lower on average.

Chief price changes, Page 41; Details, Page 40; Share information service, Pages 38-39

AUSTRALIA

THE FIRMER overnight bullion price encouraged Sydney, and golds recovered some of the losses of the previous session. The improved sentiment also boosted industrials, and the All Ordinaries index ended 17.8 higher at 1,350.9.

Among golds GMK and Central Norseman added 30 cents each to A$13.80 and A$13.50, respectively. Kidston, however, was unchanged at A$7.70.

News Corp slipped 60 cents to A$15.10 despite announcing sharply higher first-quarter profits. In the same sector Herald and Weekly Times rose 20 cents to HK$7.70.

SINGAPORE

DESPITE some late profit-taking, Singapore closed sharply higher as buying emerged by local institutions.

The Straits Times industrial index closed 21.24 up at 888.26 as good gains were recorded among blue chips.

Banks led much of the advance with OUB rising 6 cents to S$33.56, DBS 40 cents to S$9.00 and OCBC 25 cents to S$8.95.

Gains were recorded in most other sectors including Singapore Press, which added 15 cents to S$8.15.

SOUTH AFRICA

GOLDS closed firmer in Johannesburg as the bullion price steadied. In the sector Buffels added R1.50 to R82.50 and Driefontein 5 cents to R67.80. Free State Consolidated was unchanged at R52.50.

Other minings were also firmer, with diamond share De Beers up 35 cents at R33.65 and Rustenburg Platinum 25 cents at R42.25. Mining-financial Anglo American put on 50 cents to R65.

Among industrials Barlow Rand was 25 cents higher at R19.25.

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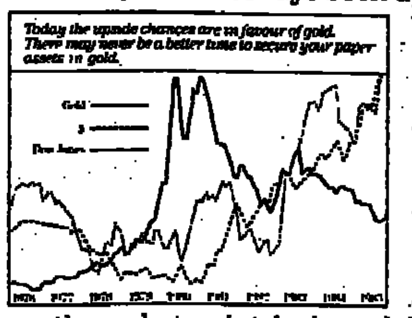

Not so gold. True, gold does sometimes surge or fall back. But for centuries, even millenia, the overall trend has always been up. And always will be.

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SECTION III

Financial Times TOP 500 1986

CONTENTS

RESEARCH

The statistical information for this survey was compiled by Dick Whittington, Vicki Caveney, Anne Dullforce and Sue Hopkins. The survey was co-ordinated by Richard Tomkins.

REPRINTS

Reprints of the survey (price £10) will be available shortly from the Financial Times Reprints Department, Bracken House, Cannon Street, London EC4P 4BY.

Company profits take markets to record highs

By Richard Tomkins

THE FT Top 500 is a survey of Europe's biggest companies. This is the fifth year in which it has been conducted

The main list looks at all publicly quoted European companies and ranks the 500 biggest by market capitalisation, taken as an average for the month of June this year and translated into US dollars. A second list ranks the top 500 companies on the UK stock market—by far the biggest in Europe.

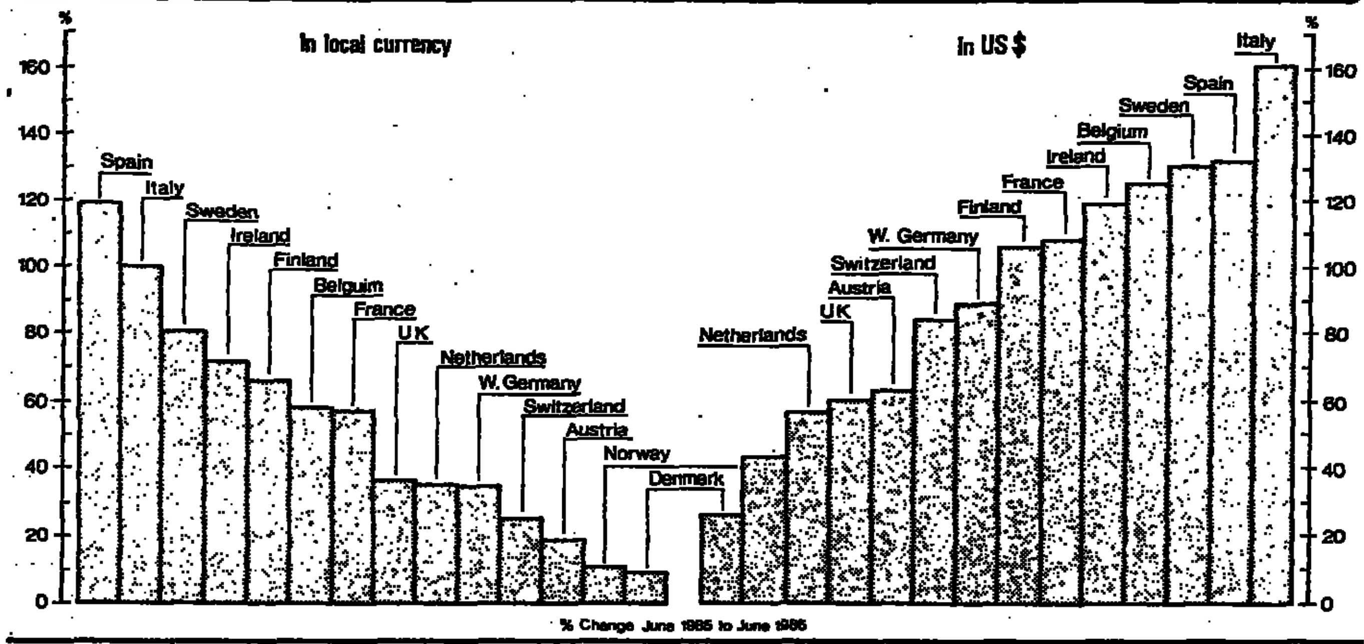
A company's capitalisation is the number of its shares multiplied by the price of its shares, and therefore measures the value of a company in the eyes of investors.

It is chosen as a yardstick because it has a number of advantages over other methods. It is a good guide to performance over time; it gives a proper weighting to banks, whose positions are distorted in lists based on turnover; and it takes proper account of loss-making companies, which disappear from lists based on profits.

The stock market varies from one country to another. It is particularly important in the UK, whereas in West Germany the banks play a larger role in corporate finance, and in France and Italy many of the biggest groups are state-owned. To take account of these factors, a separate list is included of the top 100 European concerns, whether publicly or privately owned, ranked by turnover.

The Top 500 tables analyse the key figures on each company included—turnover, profits, return on capital employed and number of employees. Other tables list the biggest employers, look at the most profitable stock market sectors, and list the biggest profit increases and decreases. There is also a separate table ranking the top 100 UK investment trusts by market capitalisation.

STOCK MARKET INDICES



THIS YEAR'S FT Top 500 survey looks back over a period of hectic stock market activity.

European bourses, still on an upswing from the recession of the early 1980s, were given fresh impetus by a series of factors which boosted not just corporate profits but also that most elusive of commodities, market sentiment.

Without exception, the stock market indices of every country surveyed reached record highs during the period, and as share prices rose, so did the market valuations of Europe's top 500 companies.

In dollar terms, those valuations were further enhanced by the relative strength of European currencies against the dollar at June 1985 (the date the figures were struck), with the result that the total market capitalisation of the FT Top 500 virtually doubled over the year from $454bn to $857bn.

It was not just in its effect on market capitalisations that the dollar proved significant. Although comparatively weak at the end of the period, the US currency had only recently [illegible] down from a long period of strength, and many companies exporting to the US were able to reap considerable benefits.

Perhaps an even more important factor affecting corporate profits was the way in which companies were able to cut their borrowing costs. In part, this was due to a widespread fall in interest charges, but the healthy state of the stock markets also enabled many businesses to replace heavy borrowings with much less expensive equity finance.

A third influence at work was the fall in the oil price. Although this had inevitable effects on the oil sector, to almost every other industry it came as a great boon, boosting economies and cutting energy costs.

Finally, there were the after-effects of restructuring. In the last few years many companies had had to bear heavy rationalisation costs as a result of the recession, but in 1985/86 most were far advanced enough along the road to recovery for the benefits to be showing through.

These factors did not affect all countries' bourses equally. At the bottom of the league table of stock market performances, for example, they were barely enough to lift Denmark's index against a generally sluggish economic background, and the dependence of the Norwegian economy on oil revenues gave its stock market little reason to welcome the fall in the oil price.

At the top end of the scale, the two most startling stock market performances came from Spain and Italy. A major factor behind the Spanish advance was the discovery of this hitherto neglected market by investors in other countries, while in Italy a favourable economic environment and a strong recovery in corporate profits. Both bourses also benefited from the introduction of schemes to divert savings into the equity markets.

Turning to the Top 500 itself, we find once again that the league table is heavily dominated by British companies, because the UK stock market is so much larger than those on the continent. Yet there are signs that this pre-eminence is fading: by the end of the period the UK had lost no fewer than 38 companies from the table while gaining only 23; and although nearly half the departures were caused by a bout of hectic takeover activity, most of the rest were displaced by the growth in market capitalisation of continental companies.

Looking at the upwardly mobile companies, the sectors which tend to predominate are motor manufacturing, which enjoyed another year of buoyant demand; banking, which made strong advances in favourable economic conditions; and insurance, which saw another year of recovery amid a world-wide firming of premium rates.

Insurers stormed up the charts during the year—particularly Italian ones, with SAI, La Fondiaria and Toro among the top performers. Similarly, it was banks in Europe's fastest growing stock market that led the sector's advance up the table, with Spain's Banco Popular rising 141 places and Banco de Vizcaya up 127.

For the motor manufacturers, it was their performance at the top of the table that was the most notable. While Royal Dutch/Shell shrugged off the fall in the oil price and a 10 per cent decline in its profits to remain firmly in the number 1 position, it was a motor manufacturer—Daimler Benz—which rose two places to oust British Telecom from the number 2 slot. And one of the most impressive performances was that of Fiat, which shot into the top 20 at number 12.

500 capitalisation by country

	$m		$m
UK	338,361.1	Spain	21,914.2
West Germany	160,163.8	Finland	4,103.9
Switzerland	87,994.6	Denmark	3,721.0
France	53,331.2	Norway	3,088.9
Italy	48,561.9	Ireland	2,547.7
Neth./UK	44,940.7	Austria	1,255.4
Sweden	37,075.3		
Netherlands	28,184.2	Total	857,392.5
Belgium	22,148.6		

Europe's biggest employers

Rank	Company	Country	Sector	Top 500 rank	No. of employees
1	Siemens	Ger	4	5	348,000†
2	Philips	Neth	4	34	345,600†
3	Unilever PLC/NV	N/UK	25	11	312,000*
4	Volkswagen	Ger	9	28	259,047†
5	British Telecom	UK	48	3	233,711*
6	Fiat	Ita	9	12	226,222†
7	Daimler Benz	Ger	9	2	199,872†
8	BAT Industries	UK	36	16	197,960*
9	Hoechst	Ger	42	24	180,561†
10	Peugeot	FRA	9	111	176,800†
11	Bayer	Ger	42	20	176,080†
12	General Electric	UK	5	17	164,536*
13	Nestle	Swi	25	10	154,769†
14	Royal Dutch/Shell	N/UK	51	1	142,000*
15	Grand Metropolitan	UK	22	30	137,195*
16	BASF	Ger	42	26	130,173†
17	British Petroleum	UK	51	4	129,450*
18	Thyssen	Ger	8	85	127,969*
19	Imperial Chemical Industries	UK	42	14	118,600*
20	Lonrho	UK	91	191	117,578*
21	Mannesmann	Ger	8	79	107,804†
22	Barclays	UK	62	29	105,900*
23	Brown Boveri and Co	Swi	4	205	97,800*
24	Electrolux	Swe	39	67	93,624*
25	Thorn EMI	UK	29	148	85,700*

* Weekly average. † Year-end total.

Elsewhere in the top 20, the strength of the insurers was again evident, with Allianz up four places to number 6 and Generali up from 26 to 13. Among other strong financials, Deutsche Bank did well to move up two places into the top 10 at number 9.

Some 69 companies left the Top 500 during the year, with mergers and acquisitions accounting for nearly all the major departures. The absence of the mighty Imperial and Distillers from the list demonstrates that sheer size is no defence against a bid.

Among the newcomers to the list, the largest is Midi, a French insurer which enters at number 65, having being inadvertently omitted in previous years. Nixdorf at 72 and Porsche at 322 appear because of the inclusion for the first time of their non-voting equity in the calculation of their capitalisation.

Most of the other big newcomers are mergers or new listings, with Wellcome, Storehouse and Feldmuhle Nobel (formerly part of the Flick empire) making their debuts. The most impressive new entry on performance alone is Amstrad, the high-flying UK electronics company which enters the list at 211.

For the current year, one factor of which market analysts are very aware is that the performance of continental bourses is affected by their inherent volatility. The small size of Continental markets compared with those in the US, Japan or the UK brings severe liquidity problems, so that it takes a relatively small increase in demand to send share prices spiralling upwards. Similarly, there is the ever-present danger that an equally small decrease in demand could send them tumbling again.

Few are predicting any dramatic downturns just yet, but a period of consolidation appears to have set in following the dizzy gains of 1985-86, and many analysts expect this to continue. Some point to the fact that the benefits of those factors which led the growth in corporate profits last year—the strength of the dollar, falling interest rates, lower oil prices and economies from restructuring—are now largely exhausted, and that little has come forward to replace them.

Financial Times TOP 500 1986

The basis for the lists

Exchange rates (June averages)

Currency	1986	1985	% change	1984
Austrian schilling	15.6977	21.5326	37.17	19.232
Belgian franc	45.6119	61.698	35.27	55.8038
Danish kroner	8.2734	10.9914	32.85	10.0483
Finnish markka	5.2778	6.3639	20.58	5.8228
French franc	7.1185	9.3372	31.17	8.4167
German mark	2.2241	3.063	37.72	2.7393
Greek drachma	140.8744	135.872	−3.54	108.781
Irish punt	0.7367	0.9783	32.79	0.8951
Italian lira	1,531.24	1,952.75	27.53	1,693.64
Netherlands guilder	2.5113	3.453	37.50	3.0876
Norwegian kroner	7.6037	8.8172	15.96	7.816
Spanish peseta	142.806	174.63	22.28	154.818
Swedish kroner	7.2021	8.8534	22.93	8.1014
Swiss franc	1.8396	2.5713	39.77	2.2828
UK sterling	0.6628	0.7805	17.83	0.7261

● Rankings

The rankings of the European and UK Top 500 tables are based on market capitalisation at the end of June 1986. Preference capital has been excluded for this calculation. This year, for the first time however, German and Austrian non-voting capital has been allowed, so that some major European companies are not excluded for purely technical reasons. Companies that have 70 per cent or more of their capital held by one other concern, or that have only a minimal proportion of their capital openly traded, have been excluded from the list.

The UK, French, German and Swiss capitalisation figures have been provided by Datastream International. All other capitalisations have been obtained from the relevant stock exchanges.

The rankings of companies with the same capitalisation have been determined by reference to their turnover or, when necessary, their profit.

All figures in the European tables are expressed in dollars, using June average exchange rates. All figures in the UK tables are in sterling.

● Accounts

Consolidated accounts have been used whenever possible. If parent company accounts or partial consolidation only have been reported, then these figures have been used with a footnote.

Turnover is shown net of sales taxes and inter-group sales. A turnover ranking based on the latest year's figures is also given.

Profit is disclosed profit before tax and minority interest. For the UK companies it is also before extraordinary items.

Return on capital employed (ROCE) is based on capital employed at the beginning of the financial year and pre-tax profit plus interest. For banks, capital employed = shareholder's funds.

● UK Investment Trust Table

The rankings of the Investment Trust table are also based on market capitalisation at the end of June 1986. Shareholders' funds is based on the number of shares in issue and the stated net asset value. The table has been compiled with the help of Wood Mackenzie.

European top 500 sector codes

Code	Description	Code	Description
2	Building Materials	34	Stores
3	Contracting/Construction	35	Textiles
4	Electricals	36	Tobacco
5	Electronics	39	Other Consumer Products
6	Mechanical Engineering	42	Chemicals
8	Metals/Metal Forming	44	Office Equipment
9	Motors	[illegible]	Shipping/Transport
10	Other Industrial Materials	48	Telephone Networks
11	Diversified Industl. Holding	51	Oils
12	Services	55	Utilities
15	Airlines	62	Banks
22	Brewers/Distillers	65	Insurance, Life
25	Food Manufacturing	66	Insurance, Composite
26	Food Retailing	67	Insurance Brokers
27	Health & Household Products	68	Merchant Banks
29	Leisure	69	Property
32	Newspapers/Publishing	70	Other Financial
33	Packaging/Paper/Timber	81	Mining Finance
		91	Overseas Traders

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Ranking 1986	Ranking 1985	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Employees	Year end
1	(1)	Royal Dutch/Shell	NUK	34,681.6	51	1	110,292.7	111,354.9	−0.9	14,319.6	16,024.4	−10.5	23.1	142,000	31.12.85
2	(4)	Daimler Benz	GER	20,656.0	9	9	23,564.1	19,560.9	20.5	2,708.1	1,857.2	45.8	28.7	§199,872	31.12.85
3	(2)	British Telecom	UK	20,096.6	48	22	12,653.9	11,546.5	9.6	2,730.8	2,233.0	22.3	21.7	233,711	31.03.86
4	(3)	British Petroleum	UK	16,354.9	51	2	61,837.7	57,231.4	8.0	5,451.1	5,212.7	4.6	18.2	129,450	31.12.85
5	(5)	Siemens	GER	13,132.5	4	5	24,556.6	20,601.0	19.2	1,641.5	1,119.2	46.7	13.3	§348,000	30.09.85
6	(10)	Allianz Holding	GER	12,496.3	66	—	N/R	N/R	—	354.2	303.7	16.6	N/R	§25,210	31.12.85
7	(6)	Union Bank of Switzerland	SWI	12,388.1	62	—	N/R	N/R	—	567.2	486.8	16.5	Δ15.6	§18,677	31.12.85
8	(9)	Glaxo Holdings	UK	11,312.6	27	131	2,130.5	1,810.4	17.7	607.9	386.2	57.4	47.7	25,634	30.06.85
9	(11)	Deutsche Bank	GER	11,108.0	62	—	N/R	N/R	—	1,240.5	851.6	45.7	Δ35.3	§48,851	31.12.85
10	(14)	Nestle	SWI	10,755.4	25	10	22,953.4	16,928.1	35.6	1,636.8	1,393.2	17.5	23.9	§154,769	31.12.85
11	(13)	Unilever PLC/NV	NUK	10,259.1	25	4	25,185.6	24,399.5	3.2	1,437.8	1,395.6	3.0	17.7	312,000	31.12.85
12	(36)	Fiat	ITA	10,116.8	9	16	17,699.1	15,551.3	13.8	1,098.5	568.4	93.3	11.9	§226,222	31.12.85
13	(26)	Generali (Assicurazioni)	ITA	10,040.9	66	—	N/R	N/R	—	155.0	101.1	53.3	N/R	N/A	31.12.85
14	(7)	Imperial Chemical Indusls.	UK	9,761.5	42	17	16,181.4	14,950.2	8.2	1,376.0	1,560.0	−11.7	17.9	118,600	31.12.85
15	(15)	Swiss Bank Corporation	SWI	9,079.7	62	—	N/R	N/R	—	481.6	398.2	20.9	Δ15.0	§14,825	31.12.85
16	(8)	BAT Industries	UK	9,001.4	36	12	21,836.1	23,082.4	−5.3	1,762.2	2,119.8	−16.8	19.0	197,960	*31.12.85
17	(12)	General Electric	UK	8,932.1	5	31	7,924.9	7,879.3	0.6	1,057.0	1,093.2	−3.2	22.3	164,536	31.03.86
18	(17)	Marks and Spencer	UK	8,125.4	34	39	5,634.9	4,840.2	16.4	551.9	458.8	20.3	24.5	63,144	31.03.86
19	(16)	BTR	UK	7,682.6	10	37	5,854.9	5,260.6	11.3	545.9	428.8	27.3	29.5	85,400	28.12.85
20	(19)	Bayer	GER	7,439.4	42	14	20,649.4	19,348.1	6.7	1,413.9	1,304.3	8.4	17.4	§176,080	31.12.85
21	(30)	Munchener Ruckversicherungs	GER	7,408.5	66	—	N/R	N/R	—	60.5	51.7	17.0	N/R	§1,526	30.06.85
22	(21)	Credit Suisse	SWI	7,399.4	62	—	N/R	N/R	—	674.9	552.8	22.1	Δ24.4	§12,743	ϕ31.12.85
23	(25)	Hanson Trust	UK	7,042.7	11	66	4,036.2	3,594.3	12.3	381.4	255.1	49.5	23.2	64,000	30.09.85
24	(20)	Hoechst	GER	6,491.6	42	15	19,208.6	18,640.0	3.1	1,418.9	1,282.6	10.6	18.1	§180,561	31.12.85
25	(18)	Ciba-Geigy	SWI	6,244.4	42	25	9,904.9	9,498.8	4.3	800.2	645.2	24.0	10.0	§81,012	*31.12.85
26	(22)	BASF	GER	6,094.6	42	13	21,441.9	19,568.8	9.6	1,366.7	1,133.1	20.6	19.4	§130,173	*31.12.85
27	(28)	National Westminster Bank	UK	5,653.9	62	—	N/R	N/R	—	1,213.0	1,012.4	19.8	†37.3	81,715	31.12.85
28	(33)	Volkswagen	GER	5,589.7	9	8	23,605.9	20,534.6	15.0	1,163.9	671.6	73.3	15.0	§259,047	31.12.85
29	(23)	Barclays	UK	5,386.2	62	—	N/R	N/R	—	1,288.5	940.0	37.1	†44.6	105,900	*31.12.85
30	(31)	Grand Metropolitan	UK	5,325.9	22	27	8,433.2	7,656.9	10.1	524.0	504.4	3.9	16.1	137,195	30.09.85
31	(29)	Cable and Wireless	UK	5,309.4	48	193	1,368.4	1,299.8	5.3	445.1	369.9	20.3	29.5	24,258	31.03.86
32	(40)	Telefonica	SPA	5,076.2	48	92	2,882.9	2,561.4	12.6	438.2	374.4	17.0	9.5	§62,790	31.12.85
33	(27)	Beecham Group	UK	4,865.7	27	69	3,926.8	3,453.7	13.7	458.4	452.3	1.3	26.5	42,300	31.03.86
34	(24)	Philips	NET	4,779.6	4	7	23,909.9	21,424.8	11.6	703.6	807.5	−12.8	10.3	§345,600	31.12.85
35	(38)	Prudential Corporation	UK	4,756.6	65	—	N/R	N/R	—	163.9	117.7	39.2	N/R	22,838	31.12.85
36	(32)	Roche Group	SWI	4,741.0	42	52	4,860.0	4,493.9	8.1	244.1	206.5	18.2	6.5	§45,477	*31.12.85
37	(39)	Great Universal Stores	UK	4,325.4	34	76	3,572.7	3,282.4	8.8	449.2	393.8	14.1	19.1	43,448	31.03.86
38	(56)	Volvo	SWE	4,261.0	9	23	11,968.2	12,087.0	−0.9	1,055.5	1,061.8	−0.5	25.3	§67,857	31.12.85
39	(176)	Guinness	UK	4,170.6	22	157	1,791.9	1,393.6	28.6	129.9	106.2	22.3	23.6	18,616	30.09.85
40	(45)	Elf Aquitaine	FRA	4,139.1	51	3	25,377.7	24,917.3	1.8	3,546.4	3,640.8	−2.5	30.8	§73,377	31.12.85
41	(37)	Veba	GER	4,088.7	11	11	21,850.0	22,312.0	−2.0	763.6	726.3	5.1	9.4	§68,689	31.12.85
42	(35)	Sainsbury J.	UK	4,080.6	26	45	5,151.0	4,524.3	13.9	290.7	236.0	23.2	28.0	64,007	22.03.86
43	(42)	Bass	UK	4,044.5	22	75	3,637.3	3,398.2	7.0	384.9	329.5	16.8	18.7	71,260	*30.09.85
44	(44)	Zurich Insurance	SWI	4,015.0	66	—	N/R	N/R	—	119.8	93.2	28.5	N/R	§22,685	ϕ31.12.85
45	(63)	Olivetti	ITA	3,910.7	44	67	4,010.1	2,989.7	34.1	351.1	313.3	12.1	20.9	§48,944	31.12.85
46	(51)	Sandoz	SWI	3,860.0	42	56	4,595.0	4,041.1	13.7	287.6	223.4	28.7	13.4	§40,166	*31.12.85
47	(48)	Allied Lyons	UK	3,724.0	22	49	4,981.6	4,790.0	4.0	406.6	330.4	23.1	17.7	70,301	01.03.86
48	(43)	Nationale-Nederlanden	NET	3,709.9	66	—	N/R	N/R	—	334.6	333.3	0.4	N/R	21,477	31.12.85
49	(53)	Dresdner Bank	GER	3,677.3	62	—	N/R	N/R	—	422.1	396.1	6.6	Δ19.5	§27,445	31.12.85
50	(209)	Fondiaria (La)	ITA	3,551.0	66	—	N/R	N/R	—	67.1	38.6	73.8	N/R	§1,049	ϕ31.12.85

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Ranking 1986	Ranking 1985	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Employees	Year end
51	(47)	Air Liquide	FRA	3,325.1	10	96	2,796.1	2,785.6	0.4	353.1	350.5	0.7	24.2	§25,000	31.12.85
52	(99)	Petrofina	BEL	3,320.1	51	19	14,739.8	12,788.5	15.3	1,295.1	1,391.0	−6.8	30.2	§22,700	31.12.85
53	(49)	BMW	GER	3,188.9	9	29	8,128.2	7,411.6	9.7	471.5	466.3	1.1	20.4	§53,925	*31.12.85
54	(52)	Lloyds Bank	UK	3,162.8	62	—	NR	NR	—	846.4	706.1	19.9	†32.5	55,011	31.12.85
55	(46)	Royal Insurance	UK	3,076.9	66	—	NR	NR	—	62.5	16.9	269.6	NR	9,130	31.12.85
56	(57)	Commerzbank	GER	3,069.0	62	—	NR	NR	—	296.5	241.0	23.0	Δ20.5	§24,154	31.12.85
57	(58)	Winterthur Versicherung	SWI	3,046.0	66	—	NR	NR	—	144.3	112.7	28.0	NR	§12,000	31.12.85
58	(81)	Swiss Reinsurance Group	SWI	2,974.0	66	—	NR	NR	—	140.8	121.8	15.6	NR	§13,677	31.12.84
59	(41)	Rio Tinto-Zinc Corporation	UK	2,878.1	81	30	8,012.7	8,975.0	−10.6	1,081.3	1,020.1	6.0	13.8	75,179	31.12.85
60	(66)	Sears	UK	2,852.0	34	78	3,436.8	3,046.8	12.8	279.4	264.3	5.7	18.7	64,101	31.1.86
61	(34)	RWE	GER	2,836.3	55	21	12,780.9	12,031.2	6.2	693.5	702.6	−1.2	7.0	§23,731	30.6.85
62	(159)	RAS	ITA	2,746.4	66	—	NR	NR	—	29.7	23.6	25.8	NR	§3,654	31.12.85
63	(71)	Bayerische Hypo & West Bank	GER	2,735.4	62	—	NR	NR	—	250.2	218.7	14.4	Δ25.0	§10,813	31.12.85
64	(54)	Boots	UK	2,729.2	34	84	3,207.8	3,067.4	4.6	317.3	287.1	10.6	25.3	67,643	31.3.86
65	(—)	Midi (CIE)	FRA	2,693.5	70	—	NR	NR	—	226.9	179.5	26.4	7.9	NA	31.12.84
66	(101)	Montedison	ITA	2,683.2	42	26	9,229.1	8,086.3	14.1	267.8	23.5	1,039.6	24.4	§69,653	31.12.85
67	(124)	Electrolux	SWE	2,657.5	39	42	5,510.6	4,796.8	14.9	382.1	357.7	6.8	20.3	93,624	¶31.12.85
68	(75)	Akzo	NET	2,645.1	42	33	7,171.5	6,578.3	9.0	542.5	480.6	12.7	20.8	§65,000	31.12.85
69	(55)	Land Securities	UK	2,620.2	69	—	NR	NR	—	170.3	144.2	18.1	5.9	395	31.3.86
70	(—)	Wellcome	UK	2,568.6	27	177	1,514.2	1,216.7	24.5	183.6	134.3	36.7	22.4	18,342	*31.8.85
71	(80)	Plessey	UK	2,562.2	5	127	2,204.4	2,135.9	3.2	256.8	246.8	4.0	23.6	34,366	28.3.86
72	(—)	Nixdorf Computer	GER	2,464.6	5	158	1,765.3	1,471.5	20.0	117.8	82.6	42.6	13.3	21,774	31.12.85
73	(62)	Victoria Lebens	GER	2,440.3	65	—	NR	NR	—	57.6	74.3	−22.4	NR	§3,579	31.12.85
74	(94)	Alleanza	ITA	2,427.4	65	—	NR	NR	—	29.1	19.0	53.2	NR	2,755	31.12.84
75	(99)	Burton Group	UK	2,402.7	34	249	831.3	627.5	32.5	121.0	85.1	42.2	29.6	14,739	31.8.85
76	(73)	Bayerische Vereinsbank	GER	2,398.5	62	—	NR	NR	—	241.1	217.7	10.7	Δ22.9	§11,476	31.12.85
77	(102)	Mediobanca	ITA	2,389.2	62	—	NR	NR	—	77.2	108.9	−29.0	Δ15.6	§265	ϕ30.6.85
78	(64)	ASDA/MFI Group	UK	2,384.4	26	72	3,796.9	3,408.9	11.4	251.1	238.7	5.2	35.2	41,305	*3.5.86
79	(63)	Mannesmann	GER	2,376.7	8	28	8,169.5	7,088.8	15.2	360.4	80.5	347.7	10.6	§107,804	31.12.85
80	(76)	Reuters	UK	2,367.8	32	275	654.9	498.3	31.4	141.2	111.9	26.1	51.1	4,777	*31.12.85
81	(123)	Intercom	BEL	2,342.2	55	113	2,425.6	2,210.3	9.7	209.6	170.7	22.8	14.6	§8,954	*31.12.85
82	(205)	Thomson-CSF	FRA	2,328.9	5	38	4,486.6	4,449.5	0.8	140.2	56.8	146.8	19.7	§62,100	31.12.85
83	(70)	General Accident	UK	2,323.8	66	—	NR	NR	—	40.0	5.9	579.5	NR	8,709	31.12.85
84	(74)	Tesco Stores (Holdings)	UK	2,280.5	26	46	5,062.3	4,526.9	11.8	185.4	122.7	51.2	25.4	60,781	22.2.86
85	(183)	Thyssen	GER	2,272.8	8	18	15,639.6	14,581.1	7.3	490.0	152.3	221.7	12.2	127,979	30.9.85
86	(113)	Saab-Scania	SWE	2,244.3	9	59	4,421.0	3,603.9	22.7	385.4	354.7	8.7	25.4	45,181	31.12.85
87	(193)	AEG	GER	2,226.7	5	51	4,875.2	4,952.4	−1.5	20.7	191.8	−89.1	4.3	§73,760	31.12.85

101—150

151—170

171—200

201—250

251—300

FOOTNOTES TO COMPANIES LISTED

*=ROCE calculated on capital employed at year-end. †=ROCE calculated on shareholders' funds. Δ=ROCE calculated on shareholders' funds after charging interest on loan capital not stated separately. §=Employees at year-end. ϕ=Parent company accounts. ¶=Previous year's figures adjusted for accounting changes. *=See footnotes.

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Financial Times TOP 500 1986

301—350

Ranking 1986	Ranking 1985	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m
301	(289)	Costain Group	UK	692.1	3	205	1,214.5
302	(341)	SNIA BPD	ITA	686.4	11	176	1,518.4
303	(385)	Darty	FRA	684.0	4	268	711.3
304	(—)	Italcementi	ITA	682.7	2	265	729.6
305	(271)	Alfa-Laval	SWE	682.7	6	189	1,394.9
306	(328)	Union Electrica-Fenosa	SPA	682.4	55	202	1,223.6
307	(440)	Compagnie Indus Riunite	ITA	678.9	11	—	N/R
308	(332)	Banque Cantonale Vaudoise	SWI	675.1	62	—	N/R
309	(184)	Klockner-Humboldt-Deutz	GER	674.7	8	169	1,650.9
310	(326)	Hachette	FRA	674.4	32	170	1,626.1
311	(340)	Helvetia-Feuer/Unfall	SWI	673.5	66	—	N/R
312	(—)	Springer, Axel	GER	672.3	32	295	557.5
313	(419)	Electrobel	BEL	670.9	3	—	N/R
314	(249)	Berisford S & W	UK	670.2	25	24	11,001.5
315	(268)	Harris Queensway Group	UK	666.7	34	261	752.3
316	(309)	Vickers	UK	656.0	6	235	922.1
317	(263)	Nederlandsche Middenstandsbk	NET	655.8	62	—	N/R
318	(278)	Berliner Kraft und Licht	GER	649.6	55	227	978.4
319	(—)	Beazer C.H. Holdings	UK	649.1	3	336	287.7
320	(290)	Esselte	SWE	644.0	44	185	1,417.3
321	(314)	Delhaize	BEL	643.6	25	64	4,111.0
322	(—)	Porsche	GER	639.5	9	183	1,427.9
323	(—)	Ashley, Laura	UK	638.5	34	346	198.4
324	(461)	Pentland Industries	UK	634.9	35	323	371.8
325	(380)	Allied Irish Banks	IRE	629.6	62	—	N/R
326	(387)	Alcatel	FRA	628.1	5	85	3,054.9
327	(252)	Salvesen, Christian	UK	625.4	25	313	445.1
328	(254)	Tate & Lyle	UK	624.5	25	111	2,454.3
329	(307)	Sydkraft	SWE	619.1	58	279	630.9
330	(494)	Havas (Agence)	FRA	616.1	29	187	1,398.3
331	(—)	Italgas	ITA	611.4	42	225	1,006.4
332	(369)	Casino	FRA	609.2	26	61	4,348.8
333	(289)	Electrocomponents	UK	604.3	5	334	301.3
334	(331)	Jelmoli	SWI	599.3	34	262	743.5
335	(224)	Rothmans International	UK	598.4	36	130	2,183.2
336	(277)	Kwik Save Group	UK	593.2	26	221	1,050.5
337	(—)	AG Financiere	BEL	592.0	70	—	N/R
338	(274)	Den Danske Bank	DEN	591.9	62	—	N/R
339	(—)	Cindu—Key & Kramer	NET	587.4	11	352	155.1
340	(459)	Banco Exterior	SPA	583.3	62	—	N/R
341	(441)	Smurfit, Jefferson	IRE	581.6	33	201	1,241.6
342	(464)	Institut Merieux	FRA	578.5	27	330	390.5
343	(318)	Telemecanique	FRA	577.8	5	279	878.9
344	(354)	Vereins & Westbank	GER	577.0	62	—	N/R
345	(443)	Hambros	UK	575.9	68	—	N/R
346	(311)	Generale Occidentale	FRA	574.1	26	102	2,659.9
347	(264)	BIC	FRA	572.9	39	240	864.1
348	(336)	Ahold	NET	571.6	26	55	4,617.8
349	(—)	Saipem	ITA	571.4	51	230	955.8
350	(298)	Hill Samuel Group	UK	570.6	68	—	N/R

Ranking 1986	Turnover last year $m	Turnover % change	Profit this year $m	Profit last year $m	Profit % change	ROCE	Employees	Year end
301–350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

351—400

Ranking 1986	Ranking 1985	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m
351	(421)	Auxiliere d'Enterprises	FRA	570.5	3	124	2,288.4
352	(432)	Wolseley	UK	569.7	11	254	795.3
353	(430)	Sevillana de Electricidad	SPA	569.4	55	241	858.7
354	(392)	Saba JS	SWE	567.4	34	104	2,647.6
355	(495)	Pollet	FRA	565.5	2	218	1,095.7
356	(469)	Bekaert	BEL	564.8	11	226	984.3
357	(343)	Industrivarden	SWE	563.0	11	315	409.2
358	(352)	Sulzer	SWI	554.4	6	109	2,465.8
359	(308)	Dawson International	UK	551.6	35	314	430.3
360	(427)	Dumez	FRA	547.9	3	209	1,219.8
361–400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

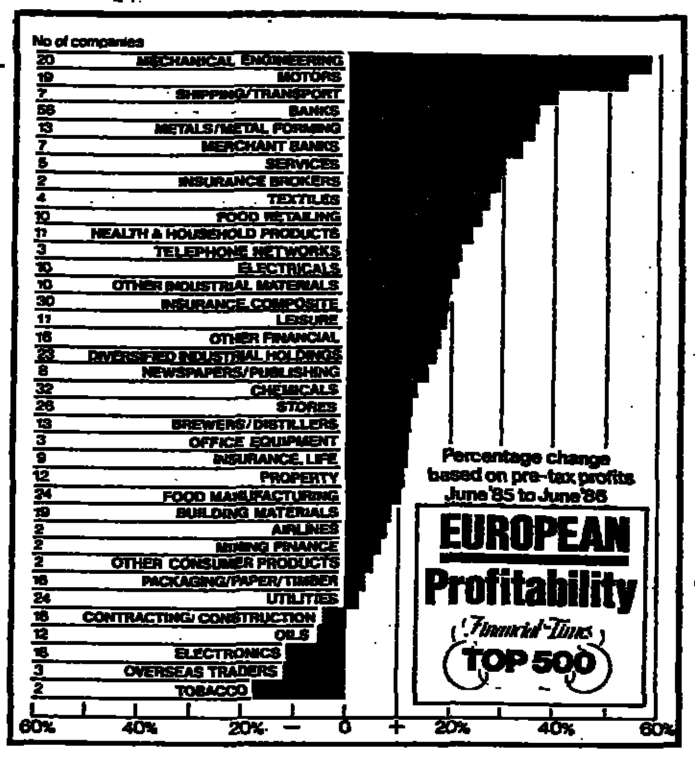
Ranking 1986	Turnover last year $m	Turnover % change	Profit this year $m	Profit last year $m	Profit % change	ROCE	Employees	Year end
351–400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

401—450

Ranking 1986	Ranking 1985	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Employees	Year end
401–450	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

451—500

Ranking 1986	Ranking 1985	Company	Country	Market capital $m	Sector	Ranking	Turnover this year $m	Turnover last year $m	% change	Profit this year $m	Profit last year $m	% change	ROCE	Employees	Year end
451–500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

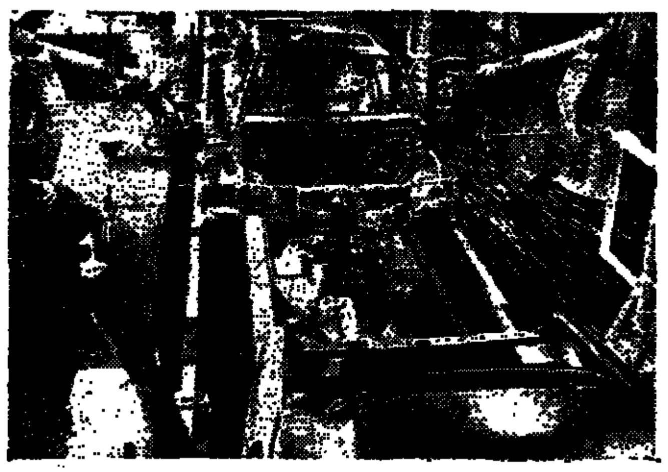


FOOTNOTES TO COMPANIES LISTED

‡=ROCE calculated on capital employed at year-end. †=ROCE calculated on shareholders' funds. Δ=ROCE calculated on shareholders' funds after charging interest on loan capital not stated separately. §=Employees at year-end. φ=Parent company accounts. ¶=Previous year's figures adjusted for accounting changes. *=See footnotes.

Continued from previous Page **311 Helvetia-Feuer/Unfall**, Figures are sum of each account. **332 Springer, Axel**, This year's figures for 6 month period to 30/6/85, previous year's figures cover 12 month period. **315 Harris Queensway**, This year's figures for 13 month period to 26/1/86. ROCE is annualised figure. **323 Laura Ashley**, Full S/E listing 11/85. **326 Alcatel**, Following merger with Thomson Telecommunications during year, previous year's figures are not comparable. **331 Italgas**, Profit is net of tax. ROCE not available since interest charge not known. **332 Casino**, Employees=total at 30/11/85. **334 Jelmoli**, Profit is net of tax. ROCE not available since interest charge not known. **336 Kwik-Save Group**, This year's figures for 53 weeks. Turnover excludes VAT. **344 Vereins und Westbank**, ROCE based on pre-tax profit after charging interest on loan capital not shown separately. **346 Generale Occidentale**, Following changes in method of consolidation, previous year's figures not comparable. **350 Hill Samuel**, Profit is net of tax. **358 Sulzer**, Profit is net of tax. ROCE based on net profit + interest. **360 Dumez**, ROCE based on pre-tax profit after charging interest on loan capital not shown separately. **371 Tractionel**, Employees=parent company figure at year-end. **374 Next**, Formerly J. Hepworth & Sons. **378 Siebe**, Previous year's figures for 53 weeks. **390 Fecsa**, Employees=1983 year-end. **399 Veuve Clicquot**, Previous year's profit includes exceptional item of FFr273.1m ($38.4m) "Sur operation d'apport." Insufficient balance sheet data to enable ROCE calculation. **400 Contigas**, Employees=parent company figure. **410 Almanij**, ROCE based on shareholders' funds before appropriation of profit. **412 Cafide**, S/E listing 12/85. Figures for year-end 6/85 n/a. **421 Equity & Law Life**, Profit is after transfers to and from revenue account and is net of tax.

437 Compania Espanola de Petroleos, ROCE based on pre-tax profit after charging interest on loan capital not shown separately. **447 Barratt Developments**, This year's profit is after £4.0m rationalisation costs. **461 Aar et Tessin**, Insufficient balance sheet detail to enable ROCE calculation. **468 Octopus Publishing Group**, Figures prepared in accordance with merger accounting principles. ROCE calculated assuming merger with Heinemann Group effective at beginning of year. **478 Rutgerswerke**, Turnover=world sales, profit=domestic consolidation. **479 UIS**, Profit is net of tax. **483 Greenall Whitley**, Turnover includes excise duty but excludes VAT. **489 Forbo**, Profit is net of tax. ROCE based on net profit + interest. **490 London and Manchester Group**, Profit is net of tax. **492 Finextel**, ROCE based on pre-tax profit after charging interest on loan capital not shown separately.



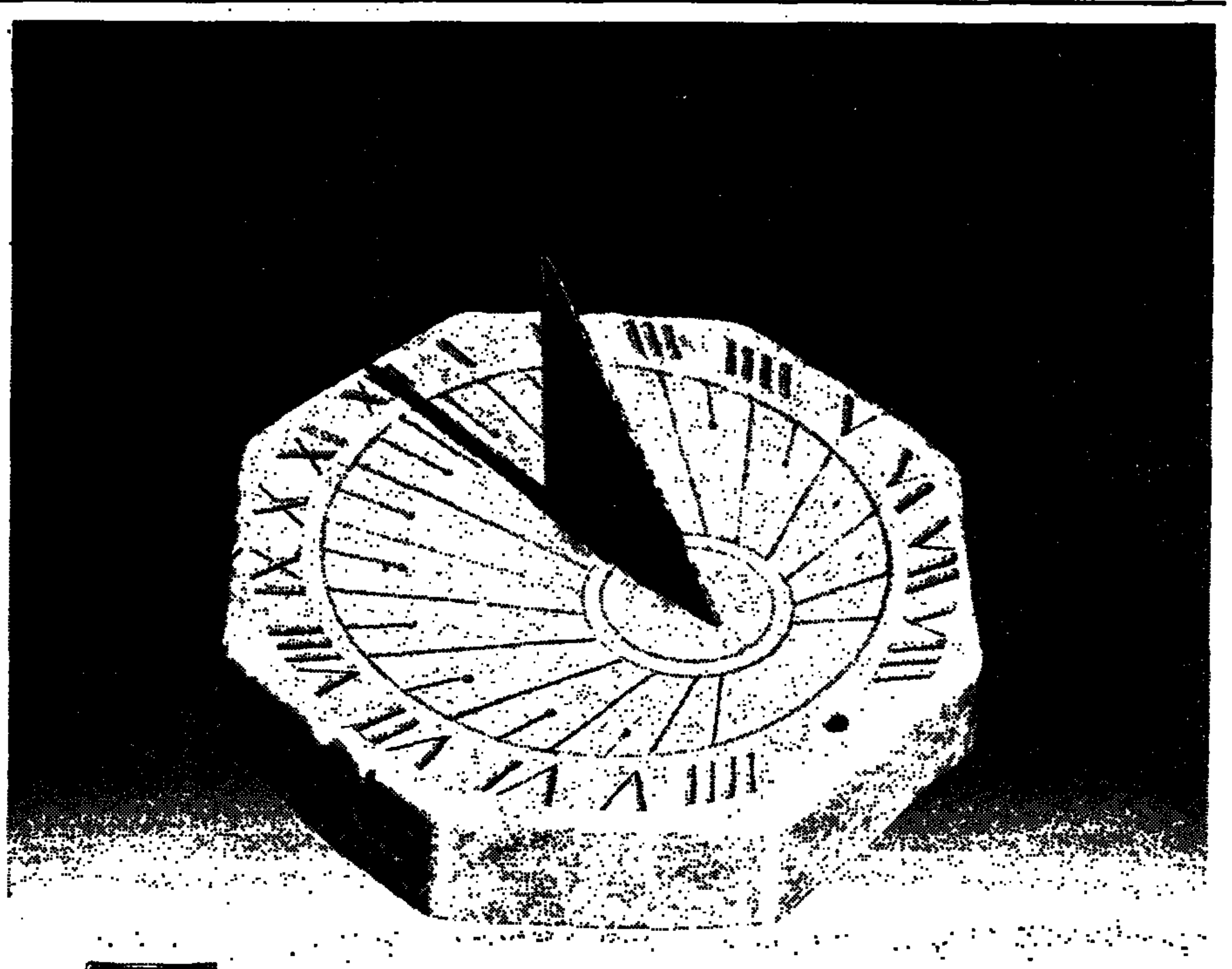
The Bremen factory of Daimler-Benz which moved up two places to become the second largest European company by market capitalisation. The Motors sector also moved up two places to become the second most profitable.

Biggest profit increases (European)

Rank	Company	Cntry	Sector	Top 500 rank	Profit increase %
1	Banco Hispano Americano	SPA	62	241	7,125.0
2	MAN	GER	6	198	1,262.0
3	Provinsbanken	DEN	62	450	1,147.0
4	Montedison	ITA	42	66	1,039.6
5	Privatbanken	DEN	62	495	1,014.4
6	Nobel Industries	SWE	42	395	696.4
7	General Accident	UK	66	83	579.5
8	Den Danske Bank	DEN	62	338	543.7
9	Fermenta	SWE	42	269	393.3
10	Copenhagen Handelsbank	DEN	62	403	355.3
11	Mannesmann	GER	8	79	347.7
12	Hoesch	GER	8	361	333.4
13	Milano (Assicurazioni)	ITA	66	470	331.0
14	Amstrad Consumer Electronics	UK	5	211	272.8
15	Royal Insurance	UK	66	55	269.6
16	Thyssen	GER	8	85	221.7
17	Pentland Industries	UK	35	324	211.6
18	Midland Bank	UK	62	114	160.0
19	Compagnie Industrali Riunite	ITA	11	307	153.1
20	Thomson-CSF	FRA	5	82	146.8

Biggest profit decreases (European)

Rank	Company	Cntry	Sector	Top 500 rank	Profit decrease %
1	Guardian Royal Exchange	UK	66	90	−96.1
2	AEG	GER	5	87	−89.1
3	Barratt Developments	UK	3	448	−88.4
4	Hufvudstaden	SWE	69	248	−64.4
5	Preussag	GER	11	299	−61.5
6	Swedish Match	SWE	33	420	−56.2
7	Veuve Clicquot	FRA	22	399	−53.6
8	Korsnas-Marma	SWE	33	366	−50.2
9	Lex Service Group	UK	9	411	−49.5
10	Ericsson LM	SWE	5	172	−49.3
11	GB-Inno-BM	BEL	34	401	−47.6
12	Inchcape	UK	91	389	−41.3
13	Marley	UK	2	444	−40.7
14	HEW	GER	55	370	−39.0
15	Saipem	ITA	51	349	−38.0
16	Karstadt	GER	34	199	−34.6
17	Legal & General Assurance	UK	65	107	−34.4
18	Berisford S & W	UK	25	314	−33.8
19	British Printing & Comm Corp	UK	32	195	−32.6
20	Racal Electronics	UK	5	131	−31.7



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CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE
The bank you can trust.

Financial Times TOP 500 1986

Europe's top hundred by turnover

Ranking This	Last	Company	Turnover $m	Cntry	Sector	Year end
1	(1)	Royal Dutch/Shell	110,292.7	NUK	51	31.12.85
2	(2)	British Petroleum	61,837.7	UK	51	31.12.85
3	(4)	IRI	33,368.0	ITA	11	31.12.85
4	(3)	ENI	30,503.5	ITA	51	31.12.85
5	(7)	Elf Aquitaine	25,377.7	FRA	51	31.12.85
6	(5)	Unilever NV/PLC	25,185.6	NUK	25	31.12.85
7	(13)	Siemens	24,556.6	GER	4	30.09.85
8	(8)	Total	24,319.7	FRA	51	31.12.85
9	(10)	Philips	23,909.9	NET	4	31.12.85
10	(14)	Volkswagen	23,605.9	GER	9	31.12.85
11	(15)	Daimler-Benz	23,564.1	GER	9	31.12.85
12	(25)	Nestle	22,953.4	SWI	25	31.12.85
13	(9)	Veba	21,850.0	GER	11	31.12.85
14	(6)	BAT Industries	21,836.1	UK	36	31.12.85
15	(12)	Deutsche Bundespost	21,525.6	GER	55	31.12.85
16	(18)	BASF	21,441.9	GER	42	31.12.85
17	(16)	Bayer	20,649.4	GER	42	31.12.85
18	(17)	Hoechst	19,208.6	GER	42	31.12.85
19	(24)	Fiat	17,699.1	ITA	9	31.12.85
20	(22)	Renault	17,357.8	FRA	9	31.12.85
21	(21)	Electricite de France	16,743.4	FRA	55	31.12.85
22	(19)	Electricity Council	16,207.9	UK	55	31.03.86
23	(20)	Imperial Chemical Inds.	16,181.4	UK	42	31.12.85
24	(27)	Thyssen	15,639.6	GER	8	30.09.85
25	(31)	Petrofina	14,739.8	BEL	51	31.12.85
26	(30)	Peugeot	14,089.3	FRA	9	31.12.85
27	(35)	Nederlandse Gasunie	13,643.6	NET	51	31.12.85
28	(36)	RWE	12,780.9	GER	55	30.06.85
29	(29)	British Telecom	12,653.9	UK	48	31.03.86
30	(32)	OIAG	12,650.7	AUS	11	31.12.85
31	(33)	Deutsche Bundesbahn	12,396.3	GER	55	31.12.85
32	(—)*	INI	12,338.4	SPA	11	31.12.85
33	(11)	PTT (France)	11,996.9	FRA	55	31.12.85
34	(28)	Volvo	11,968.2	SWE	9	31.12.85
35	(39)	INH	11,099.0	SPA	51	31.12.85
36	(40)	Berisford S & W	11,001.5	UK	25	30.09.85
37	(34)	British Gas	10,430.7	UK	51	31.03.86
38	(42)	Esso AG	10,219.9	GER	51	31.12.85
39	(41)	Ruhrkohle	10,123.2	GER	55	31.12.85
40	(37)	Generale d'Electricite	10,106.4	FRA	55	31.12.85
41	(26)	Esso UK	10,068.5	UK	51	31.12.85
42	(43)	CIBA-Geigy	9,904.9	SWI	42	31.12.85
43	(45)	DSM	9,608.2	NET	42	31.12.85
44	(50)	Bosch, Robert	9,542.1	GER	5	31.12.85
45	(47)	Saint Gobain	9,536.9	FRA	11	31.12.85
46	(48)	Montedison	9,229.1	ITA	42	31.12.85
47	(46)	Grand Metropolitan	8,433.2	UK	22	30.09.85
48	(51)	Krupp, Fried	8,308.3	GER	8	31.12.85
49	(63)	Mannesmann	8,169.5	GER	8	31.12.85
50	(67)	BMW	8,128.2	GER	9	31.12.85
51	(—)	British Coal	8,056.7	UK	55	29.03.86
52	(58)	Rio Tinto-Zinc Corp	8,012.7	UK	81	31.12.85
53	(44)	General Electric Co	7,924.9	UK	5	31.03.86
54	(53)	Rhone-Poulenc	7,881.2	Fra	42	31.12.85
55	(54)	Gaz de France	7,867.7	Fra	51	31.12.85
56	(56)	Ruhrgas	7,825.7	Ger	51	31.12.85
57	(68)	Brown Boveri	7,542.9	Swi	4	31.12.85
58	(59)	AKZO	7,171.5	Net	42	31.12.85
59	(79)	Sacilor	6,824.4	Fra	8	31.12.85
60	(58)	SNCF	6,762.5	Fra	55	31.12.85
61	(71)	Opel, Adam	6,652.0	Ger	9	31.12.85
62	(61)	Michelin	6,552.1	Fra	9	31.12.85
63	(73)	Ford Werke	6,494.0	Ger	9	31.12.85
64	(55)	Neste Group	6,491.9	Fin	51	31.12.85
65	(80)	Statoil	6,387.4	Nor	51	31.12.85
66	(70)	Carrefour	6,204.8	Fra	34	31.12.85
67	(77)	Ford Motor Co.	6,102.9	UK	9	31.12.85
68	(85)	GHH	6,078.1	Ger	6	30.06.85
69	(92)	IBM Deutschland	5,948.7	Ger	5	31.12.85
70	(65)	BTR	5,854.9	UK	10	29.12.85
71	(83)	Migros	5,693.6	Swi	34	31.12.85
72	(62)	Dalgety	5,683.5	UK	25	30.06.85
73	(66)	Haniel	5,646.4	Ger	11	31.12.85
74	(60)	British Steel	5,635.2	UK	8	31.03.86
75	(74)	Marks and Spencer	5,634.9	UK	34	31.03.86
76	(77)	Asea	5,581.6	Swe	6	31.12.85
77	(—)	Charbonnages France	5,533.9	Fra	55	31.12.85
78	(81)	Norsk Hydro	5,513.5	Nor	42	31.12.85
79	(82)	Electrolux	5,510.6	Swe	39	31.12.85
80	(—)	Dow Chemical Europe	5,484.6	Swi	42	31.12.85
81	(64)	Preussag	5,384.0	Ger	11	31.12.85
82	(97)	IBM France	5,277.4	Fra	5	31.12.85
83	(95)	Degussa	5,265.8	Ger	42	30.9.85
84	(69)	Rover Group	5,153.0	UK	9	31.12.85
85	(87)	Sainsbury J.	5,151.0	UK	34	23.03.86
86	(99)	Edeka Zentrale	5,125.7	Ger	34	31.12.85
87	(—)	Usinor	5,108.5	Fra	8	31.12.85
88	(86)	Tesco Stores	5,062.3	UK	26	25.02.86
89	(88)	Pechiney	5,045.6	Fra	8	31.12.85
90	(—)	Metallgesellschaft	5,039.1	Ger	11	30.09.85
91	(76)	Thorn EMI	5,003.8	UK	29	31.03.86
92	(78)	Allied Lyons	4,983.6	UK	22	31.03.86
93	(94)	Solvay et Cie	4,942.6	Bel	42	31.12.85
94	(96)	AEG	4,875.2	Ger	5	31.12.85
95	(100)	Karstadt	4,843.3	Ger	34	31.12.85
96	(75)	Post Office	4,766.1	UK	55	31.03.86
97	(—)	British Airways	4,751.1	UK	15	31.03.86
98	(90)	Assoc British Foods	4,721.2	UK	25	31.03.86
99	(—)	Ahold	4,617.8	Net	26	29.12.85
100	(—)	IBM UK	4,591.1	UK	5	31.12.85

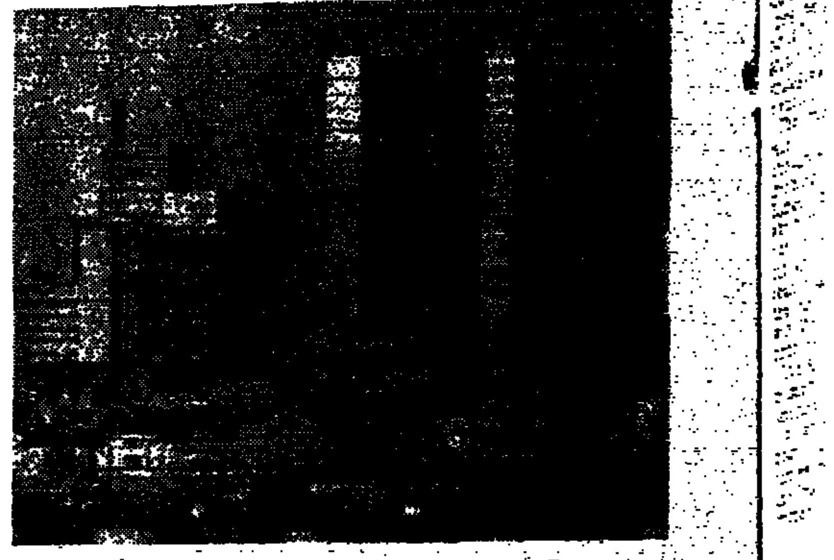
Robots building cars at Fiat's Turin plant.

Additions to European top 500

Company	Cty	This year	SR
Midi (CIE)	FRA	65	70
Wellcome	UK	70	27
Nixdorf Computer	GER	72	5
Storehouse	UK	103	34
Globus	SWI	198	34
Amstrad Consumer Electronics	UK	211	5
Feldmuhle Nobel	GER	228	11
Nuovo Banco Ambrosiano	ITA	230	62
Creditanstalt-Bankverein	AUS	243	62
Fag Kugelfischer	GER	287	6
Inspectorate	SWI	295	12
Centrale Suiker	NET	300	25
Italcementi	ITA	304	2
Springer, Axel	GER	312	32
Beazer C. H. Holdings	UK	319	3
Porsche	GER	322	9
Ashley, Laura	UK	323	34
Italgas	ITA	331	42
AG Financiere	BEL	337	70
Cindu-Key & Kramer	NET	339	11
Saipem	ITA	349	51
BBA Group	UK	369	9
Siebe	UK	378	11
Union Y El Fenix Espanol	SPA	383	66
Mapfre Grupo Asegurador	SPA	392	66
Rosehaugh	UK	394	70
Wagon-Lits	BEL	396	29
Veuve Clicquot	FRA	399	22
GB-Inno-BM	BEL	401	34
KNP	NET	404	33
Turner & Newall	UK	405	10
Almanij	BEL	410	70
Cofide	ITA	412	11
Adia	SWI	414	12
Grattan	UK	422	34
Rheinmetall	GER	423	8
Beghin-Say	FRA	427	25
Gotabanken	SWE	429	62
Osterreichische Landerbank	AUS	432	62
Johnson Matthey	UK	434	8
Waterford Glass	IRE	435	2
Cia. Espanola de Petroleos	SPA	438	51
Printemps (Au)	FRA	441	34
Mowlem (John)	UK	442	3
First National Finance	UK	447	70
Aromari-Prioux	FRA	449	33
Provinsbanken	DEN	450	62
Oxford Instruments Group	UK	451	5
Wessanen	NET	453	25
Hussel	GER	454	34
VG Instruments	UK	455	4
Finnish Sugar Company	FIN	456	25
Laing (John)	UK	458	3
Ratos	SWE	462	11
Kolnische Ruckversicherung	GER	464	66
AE	UK	465	9
Meyer International	UK	467	2
Schroders	UK	469	68
Milano (Assicurazioni)	ITA	470	66
Guinness Peat Group	UK	473	68
Lindt & Sprungli	SWI	475	25
Associated British Ports	UK	477	45
Valeo	FRA	482	9
Perstorp	SWE	487	42
Forbo	SWI	488	10
Finextel	FRA	491	70
Wilson (Connolly) Holdings	UK	493	3
Privatbanken	DEN	495	62
Laird Group	UK	497	6
Enso-Gutzeit	FIN	499	33

Departures from European top 500

Company	Cty	Last Rank	SR
Imperial Group	UK	(50)	36
Distillers Company	UK	(67)	22
British Home Stores	UK	(144)	34
Debenhams	UK	(169)	34
Habitat Mothercare	UK	(217)	34
Billerud	SWE	(255)	33
Bell (Arthur) & Sons	UK	(261)	22
London & Scottish Marine Oil	UK	(270)	51
Cardo	SWE	(272)	25
Stock Conversion	UK	(292)	69
Fleet Holdings	UK	(310)	32
Schindler Holding	SWI	(330)	6
De Danske Sukkerfabrikker	DEN	(338)	25
Avana Group	UK	(344)	25
Uddeholms	SWE	(346)	8
Polly Peck International	UK	(348)	91
Deutsche Babcock	GER	(356)	6
Nottingham Manufacturing	UK	(366)	35
Autopistas del Mare	SPA	(373)	55
Somesons	SWE	(383)	11
Heath C.E.	UK	(384)	67
Tricentrol	UK	(389)	51
Dalmine	ITA	(397)	8
Farnell Electronics	UK	(402)	5
Amersham International	UK	(409)	27
Flachglas	GER	(413)	2
Eridania	ITA	(414)	25
Capital & Counties Prop.	UK	(417)	69
Ciga Hotels	ITA	(420)	29
Powell Duffryn	UK	(422)	11
Mount Charlotte Investments	UK	(423)	29
London Merchant Securities	UK	(425)	69
Boliden	SWE	(429)	8
Amec	UK	(431)	3
Refuge Group	UK	(434)	65
Vantona Viyella	UK	(435)	35
Britannic Assurance	UK	(437)	65
Scapa Group	UK	(439)	35
Wartsila	FIN	(444)	6
Pleasurama	UK	(445)	29
Promodes	FRA	(451)	26
Martell	FRA	(452)	22
Laing Properties	UK	(454)	69
Tootal Group	UK	(455)	35
Centrale (LA)	ITA	(459)	70
Kosmos	NOR	(460)	45
Croda International	UK	(462)	42
Fitch Lovell	UK	(465)	26
Case Group	UK	(466)	5
Hafnia Invest	DEN	(467)	66
Agiv	GER	(470)	11
Asken	SWE	(471)	11
Storebrand-Norden	NOR	(473)	66
Menzies John (Holdings)	UK	(476)	34
Kraftwerk Laufenburg	SWI	(477)	55
Telephone Rentals	UK	(478)	44
Penarroya	FRA	(481)	25
Rauma Repola	FIN	(482)	11
FR Group	UK	(483)	6
Locindus	FRA	(485)	69
Home Charm	UK	(486)	34
Elektrizitats ges Laufenburg	SWI	(488)	55
Hawley Group	UK	(489)	11
Haslemere Estates	UK	(491)	69
Kvaerner Industrier	NOR	(492)	6
Kone	FIN	(493)	6
Presses de la Cite	FRA	(496)	32
Britannia Arrow Holdings	UK	(497)	70
Sibra (Holdings)	SWI	(498)	22
National Bank of Belgium	BEL	(500)	62



Deutsche Bank was among the year's high-level performers.

A-Z List of European Top 500

COMPANY	RANK	COMPANY	RANK	COMPANY	RANK	COMPANY	RANK	COMPANY	RANK	COMPANY	RANK
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Euro-equities

Fiat deal casts its shadow

THE FACE of the international equity market has changed markedly over the past year, and it is still in an intense development stage.

While London's Big Bang reforms appear to have set the stage for the City to become the centre of cross-border secondary trading of shares, there has also been a setback: the poor digestion of a $2bn placing of Fiat shares in September.

The Fiat deal cast serious doubts on the prospects for the so-called Euro-equity market, which until then had been growing steadily for just over a year. Euro-equities, which are just one aspect of international equity business, are so labelled because they are distributions of shares employing the syndication methods of the Eurobond market.

Investment banks prominent in the Eurobond market have been keen to develop the new business, because it is potentially far more lucrative than the bond sector, in which profit margins have been pared or eliminated amid cut-throat competition. Euro-equities satisfied the vogue—fostered partly by the investment houses themselves—for global distribution of shares and appeared to achieve this quickly and cleanly.

Shares, however, are not like bonds. When a new share issue is made, the securities are usually interchangeable with existing shares, and can therefore affect their market price. Consequently, it is vital that they are as firmly placed as possible with end-investors at the earliest possible stage.

This contrasts with the Eurobond market, in which new issues often wash around among the professionals before eventually being locked away in investor portfolios. Short-selling by banks who have committed themselves to the management groups of bond issues, while it may be deplored in the market, is common practice.

From the first Euro-equity issue by Nestlé last year, the new sector had been developing steadily. Shares of a number of the largest European companies had been distributed successfully through its channels with no notable instances of flowback—the term for the dreaded quick sale of the shares back into the domestic market.

Among the well-known names in the market were KLM, Heineken, Hanson Trust, Volvo and Electrolux. In addition, US companies ranging from very large to very small were brought to Europe.

The syndicates for such deals usually contained a large number of Swiss institutions, reflecting the fact that the majority of Euro-equity issues have probably ended up in discretionary accounts in Switzerland.

Nothing prepared the market, however, for its attempt to handle $2bn worth of Fiat shares, part of a larger holding sold by Libya to the Agnelli group, which controls Fiat.

At the beginning, the deal seemed a glowing illustration of just what the Euromarkets could do. Deutsche Bank Capital Markets in London, leading it with Mediobanca of Italy, bought the entire package of ordinary, preference and savings shares, shouldering the risk temporarily and finding during the space of an evening 10 houses prepared to commit $100m each as co-lead managers—Deutsche remained committed to $600m—and Mediobanca to $500m for Italian distribution.

But the cracks soon began to appear. Open squabbling broke out among the co-lead managers, the share price fell rapidly in Milan to levels at which underwriters stood to suffer losses. Even though Deutsche stepped in to give substantial support to the share price through purchases of shares in Milan, the indigestion became painful.

The offering, it seemed, was just too big for the collective equity placing power of the managers. They had been unable to prepare the ground; they were dealing in shares which appeared at a price peak following a huge increase during this year; and furthermore, two of the classes of shares—the preference and the savings—were regarded as illiquid and difficult to sell. Finally, investors were put off by the notorious settlement delays experienced by investors in the Italian stock market. These worries were despite Deutsche's attempt to establish a dollar-denominated market in Fiat shares outside Italy.

Some of the worries about settlement of the Euro-equity placing—which Deutsche at first deliberately refused to clarify—apparently reflected the desire of managing banks to sell their commitments in the marketplace since they could not place them with investors.

There were two morals to the story: first, that the Euro-equity market was probably just not ready for such a large offering, and that it needed to do more work on developing a true global investor base outside domestic marketplaces; and second, that the weight of domestic market factors in such cases cannot be underestimated. Conversely, however, one can only conjecture at the negative effects on the whole Italian stock market if such a huge chunk of shares had been let loose purely within Italy.

The Fiat saga has brought a lull, probably only temporary, in Euro-equity placings for major companies. But this does not mean that the fad for global distribution and trading of shares has passed. The indications are that cross-border investment is still growing, and investment houses are meanwhile investing considerable amounts of money in new personnel and trading systems in order to gear up for the global stock market.

Much of that investment is being made in London. Deregulation and the intense competitive spirit that has engulfed the City with Big Bang seem set to accentuate London's already considerable position as an international centre. Perhaps underlining its claim more than anything else is the extent to which barriers between the domestic and international stock markets have now been removed. The Stock Exchange is now completely open to foreign participation—in fact cynics would say that it has fallen out of British hands—and it is set to provide trading systems for the international marketplace that are desperately needed if it is to develop in an orderly and coherent fashion.

Alexander Nicoll

Banking

Growing in size and profits

THE PICTURE of Europe's banking industry which emerges from the FT 500 tables is encouraging: it shows that banks are increasing in size and profitability, marking a welcome change from the early years of this decade when all news about banks seemed to be bad news.

The table showing biggest profit increases registered by European companies contains five banks, while the opposing table showing the largest fall in profits contains no banks at all.

Admittedly, the banks featured in the first table tend to have special reasons for being there. The Banco Americano Hispano of Spain (the country's third largest in terms of assets) and the Midland Bank of the UK (also number three) are both recovering from traumatic periods of losses and were bound to show huge rises. The Danish banks who comprise the rest of the five have ridden to large profit gains on the back of Denmark's soaring bond market last year.

Even so, there are few countries in Europe right now where banks are not reporting healthy profit increases. Only seven banks among the top 50 failed to register profit gains of less than double figures; and only two, Mediobanca of Italy and BSI of Switzerland, saw their profits fall. No banks reported a loss—at least according to their own accounting principles.

In sheer numbers, Barclays made the biggest profits stated in dollars in 1985: nearly $1.3bn before tax, followed hard by Deutsche Bank and National Westminster Bank with $1.25bn and $1.2bn respectively. Based on the formula used to calculate profitability as a return on common equity, Barclays also led these three with 44.6 per cent (also pre-tax). NatWest came second with 37.3 per cent, and Deutsche third with 35.3, which suggests that NatWest operated a little more efficiently than Deutsche even though its profits were slightly smaller, though the figures used are not directly comparable because of differences in UK and German bank reporting practices.

Among the other banks, the Spanish and Scandinavian ones were notable for producing the highest returns.

To a large extent, the overall profit improvement mirrors the generally healthier economic climate that has prevailed in Europe for the last two or three years. Economic growth is always good for banks because it produces new business and reduces the risk of loan losses. But it is striking that in many countries, notably Germany, Switzerland, France and Denmark, a good part of the banks' rising profits has come from the securities rather than the lending side.

These gains have been achieved either through good trading results on the banks' own securities accounts, or through fees earned in the corporate finance business: arranging, underwriting and distributing issues of bonds and shares for companies.

The longer-term question this raises, though, is just how sustainable this source of earnings can be if the economic picture changes. It is also a pertinent question for banks in the UK who have only recently been able to start up sizeable securities operations, thanks to the Big Bang.

The improved profits have also enabled banks to set aside larger provisions against possible loan losses (bad debts usually trail the economic recovery), and boost shareholders' funds, which must augur well for the strength of the international banking system.

Banks also make up the largest industrial sector in the 500 with 57 entities, though, at more than one in 10, that would confirm the widely held view that Europe is also probably overbanked, particularly when the operations of American and Japanese banks are taken into account.

In terms of market capitalisation, the Swiss banks emerge as dominant. The "Big Three" are among the top four banks on the list, with only Deutsche Bank managing to squeeze between them in second place. This is an interesting reflection of the valuation placed by investors on Swiss banks—which are far from being Europe's largest in terms of balance sheet size or profitability. (The list also omits the French and Italian state-owned banks which are among Europe's largest).

Three of Britain's Big Four, National Westminster, Barclays and Lloyds, make the top ten for market capitalisation. The remainder in that select group are German: Dresdner Bank, Commerzbank and Bayerische Hypotheken und Wechselbank. By this measure, Union Bank of Switzerland, at the top of the banks list with a market capitalisation of $12.4bn, is more than twice as large as NatWest and four times as large a Commerzbank.

The UK clearing banks are, however, Europe's bulkiest, and their immense size is also underlined by the figures for their number of employees.

Barclays heads the list with a payroll of 105,900 employees, which makes it the largest bank employer in the world. Second is NatWest with 81,715, third Midland with 66,423, and fourth Lloyds with 55,011. Only then does a non-UK bank figure on the list: Deutsche in fifth place with 48,851, with Societe Generale of Belgium sixth with 29,529, and ABN of the Netherlands seventh with 28,688.

Although all the UK clearers are trying to slim down their workforces, this suggests that they still have a long way to go before they even approach the staffing levels of the main foreign competitors. In another sense, though, this makes it all the more remarkable that they do manage to make a high place in the profits league, and suggests that there is still large scope for cost savings which could be useful in future.

This list covers only those banks whose shares are publicly quoted. Given the move in countries like France and Italy to return state-owned banks to the private sector—in whole or in part—the list could change quite sharply in the years ahead. Among other things it would enable value comparisons to be made between, for example, the giant French banks and their private sector foreign competitors.

David Lascelles

Fiat

Shares rocket in best year

TWO MONTHS AGO, commenting on the deal which saw a US$3bn buy-out of Libya's 15 per cent share stake in Fiat and in the wake of nearly doubled first-half group profits, Mr Gianni Agnelli, the Fiat chairman, said that 1986 was proving to be "an exceptional year."

Mr Agnelli's assessment was not exaggerated: the current year is indeed proving to be the most successful in the 81-year history of Italy's biggest private sector group (1985 turnover of L27,101bn).

Not only is the group forging ahead in profit and turnover terms, reducing its total indebtedness and watching its shares hover at a level three times the price of 12 months ago, but it is involved in a series of acquisitions and diversification strategies which have won it plaudits.

The most important of this year's developments is undoubtedly the takeover of the troubled and state-owned Alfa Romeo car business, a deal which involves a sizeable financial outlay by the Turin group, but which is designed to catapult Fiat into direct competition on the European market with Daimler-Benz, BMW, and other quality car makers.

The Alfa deal, which saw Fiat triumph over a rival bid from America's Ford Motor Corporation and which was unanimously endorsed by the five parties of Prime Minister Bettino Craxi's ruling coalition government, not only increases Fiat group revenues by 10 per cent, but gives the Italian company the biggest single share of the European car market: more than 14 per cent.

And while the FT 500 classification is based on market capitalisation, thus explaining Fiat's leap from 36th to 12th place since last year, the increased prominence of Fiat in the FT 500 could be merited on the basis of its overall corporate performance as well.

The story of Fiat's labour reductions, increased automation and productivity levels and financial restructuring this decade has already been well documented in the past. What is noteworthy now is the continuing improvement in the company's balance-sheet and profit and loss account.

Last year saw, for the first time, all Fiat's sectors in the black. That included the formerly troubled Fiatallis earth-moving equipment division and the Iveco industrial vehicles subsidiary.

In the first half of this year, Fiat nearly doubled its consolidated pre-tax profit to L1,647bn on sales up 10 per cent to L14,316bn. In a further demonstration of the steady financial recovery it has achieved in recent years, the company reported also that net debt fell to 1,830bn as at last June 30, from L3,074bn a year earlier.

Alan Friedman

Mr Refaat El-Sayed . . . reinstated himself as managing director of Fermenta.

L'Air Liquide

Discreet and multinational

L'AIR LIQUIDE, 51st in the FT's 500 top European companies and the second biggest French company in terms of market capitalisation after the Elf Aquitaine oil group, has often been described as France's first multinational group.

The world leader in industrial gases, L'Air Liquide acquired footholds in a wide range of countries, including Japan and the US, very early in its history and it is today the French company with the largest number of industrial plants abroad.

The company, one of the most popular French blue chips, has just comforted its multinational reputation by making one of the biggest ever US acquisitions by a French group. This involves the US$1.05bn takeover of Big Three Industries of the US. The deal fulfils L'Air Liquide's ambition to increase its share of the US industrial gases market from about 14 per cent to just over 20 per cent. It has also given the French company the major foothold it had lacked so far in the long-term US industrial gas supply market for big industrial users.

To help finance the acquisition, L'Air Liquide has launched a FFr 2.7bn rights issue. One of the largest equity-raising operations ever to be made by a private French group, it involves the issue of 6.7m new shares at FFr 400 each, on the basis of one new share for every five held. About $500m of the acquisition will be financed by the French group's American subsidiaries, while the remaining $600m will come from the parent company through the rights issue and additional financing from cash flow or credit line.

Although L'Air Liquide has always focused on the industrial gases business, the company has also developed major engineering and construction activities, chemicals, pharmaceuticals, and welding and cutting operations.

It is also regarded as one of the big French corporate success stories, showing steady growth in sales and profits. Indeed, the group recently announced consolidated net profits of FFr 616m for the first half of this year, compared with earnings of FFr 555m for the first six months of last year. L'Air Liquide's net profits last year totalled FFr 1.1bn on sales of FFr 19.6bn.

The company, which owns more than 400 factories in 55 countries, is regarded as one of the most discreet and secretive in France. It has also only had three chairmen since it was founded in 1902. The current chairman, Mr Edouard de Royere, took over last year from his father-in-law, Mr Jean Delorme, who retired after running the company for forty years. In 1945, Mr Delorme had succeeded his father who founded the company.

Paul Betts

Philips

Trouble flows from low dollar

PHILIPS' plunge from number 24 to 34 in the FT 500 list this year reflects the Dutch electronics giant's troubles that threaten to pare 1986 profits for the second year in a row.

The weak dollar, sluggish microchip sales and cut-throat competition in consumer electronics have battered Europe's largest electronics company, although some recovery next year looks likely.

While market capitalisation actually jumped by 45 per cent to $4.8bn from $3.3 bn, Philips' rise was slower than many other companies. Net income dropped 17 per cent in 1985 and another dip of the order of 14 per cent to Fl787m looks quite possible for this year. Sales also could fall from 1985's Fl60 bn.

The Eindhoven-based group can blame much of its troubles on the sharply lower dollar, which has hit with a double blow. Sales in the US and dollar-related countries shrank about 17 per cent when translated back into Dutch guilders. Moreover, the cheaper dollar boosted the competitiveness of American electronic products such as computers and medical equipment.

The cyclical slump in the microchip industry has taken a toll in Philips' semiconductor activities, mostly on Signetics of the US, the world's seventh largest maker of integrated circuits (ICs). The industry has recovered more slowly than expected, and Signetics' improvement this year will be more due to trimmed operations than to resurging demand. Losses are expected to narrow to around $20m in 1986 from $80m in 1985.

The most stubborn problem, however, is consumer electronics, where bloated production capacity and sales bottlenecks impair Philips' competitiveness with the Japanese giants. In 1985 consumer electronics ranked second among the company's six divisions in sales with Fl16.7bn, but last in operating income Fl34m.

Aware of lagging productivity in the division, Philips is spending much of its Fl200-300m a year in restructuring costs on consolidating production of television receivers and audio and video components in fewer, large factories. Distribution and sales networks also are being streamlined.

The restructuring is going on in Europe as well as in the US where Philips' activities were protectively placed in a trust during World War II, and today include 58 per cent of North American Philips Corp. North American Philips, whose remaining 42 per cent is in public hands, included well-known brand names such as Norelco, Magnavox, Philco, Sylvania and Genie.

Having begun in 1891 as a light-bulb factory, Philips still derives 30 per cent of all operating income from lighting. Consumer electronics, however, which has totted up Fl327m of losses in recent years, remains a problem that must be solved.

Mr Cor van der Klugt, the new president who took over earlier this year, is aiming to boost the company's productivity—net income as a precentage of sales—to 4 per cent by 1991. Although great strides will be needed to lift the ratio from the 1.2 per cent posted in the first nine months of 1986, Mr van der Klugt recently outlined a five-point strategy.

"Increasing profits is the top priority for Philips," he declared. "Philips must further be globally oriented, must organise its activities on the basis of contractual relationships and must be customer-and innovation-oriented."

Weaving together these strategies is Philips' drive to shift to the Far East to take advantage of lower costs, growing markets and technological innovation. At the moment the Far East accounts for only a modest 7 per cent of total sales. But Philips has indicated that, in the future, it would like to see 25 per cent of turnover from the Far East, 25 per cent from the US and 50 per cent from Europe.

Laura Raun

Fermenta

A plot with mesmerising twists

A YEAR ago Mr Refaat El-Sayed, the Egyptian-born entrepreneur, was the glamour boy of Swedish business, having led his biotechnology company, Fermenta, on a path of unparalleled growth. Today he is more the *enfant terrible*.

When his star reached its zenith in January, the Fermenta share price had risen headily by more than 1,200 per cent in only 18 months from its launch on the Stockholm stock market in the summer of 1984. By late November the price had slumped to only a third of its January peak, as Mr El-Sayed's credibility was battered again by the collapse of a third major deal.

The dramatic rise in the company's share price which began in the late autumn of 1985 was enough to ensure that Fermenta accounts for the biggest single leap in the FT 500 list in the 12 months to the end of June this year.

The Swedish business world has been left mesmerised and disbelieving at each new twist of the plot, but gradually its patience has begun to wear thin.

Mr El-Sayed, an immigrant to Sweden in the 1960s, made his breakthrough at the end of 1981, when he succeeded in taking over Fermenta from Astra, the Swedish pharmaceuticals group.

By the end of 1985 he had turned Fermenta into an international chemicals and biotechnology concern with sales of SKr 1.6bn and annual profits of SKr 320m. Both sales and profits are expected to more than double again this year, if Fermenta's most recent forecasts are fulfilled.

After hectic expansion, the antibiotics sector appears set for a period of consolidation, and Fermenta now considers that its main growth opportunities lie in the sector of animal health products.

Whatever has happened to the Fermenta business has been hugely overshadowed, however, by the turmoil surrounding the personal business affairs of Mr El-Sayed, the company's main shareholder and at various times this year its managing director, group chief executive and deputy chairman.

At the beginning of the year Mr El-Sayed—together with Mr Pehr Gyllenhammar, chairman of Volvo, the flagship of Swedish industry—announced a stunning deal under which Fermenta was to gain control of both Pharmacia, one of Sweden's leading pharmaceuticals and biotechnology groups, and Leo, the medium-sized drugs group. In return, Volvo was to take an equity stake of around 25 per cent in Fermenta.

The deal would have given Mr El-Sayed a position of extraordinary personal power and influence in Swedish industry. Before it could be consummated, however, it was discovered that Mr El-Sayed had lied to investors about his academic credentials. He had claimed both a masters degree from Uppsala University, in Sweden, and a doctorate from the University of California, but both were fake.

As a result of the collapse of the Volvo deal, he was left with personal debts of around SKr1.4b, and that burden has hung like a millstone around his neck for the rest of the year. The first major repayment of some SKr550m is due by mid-December. Mr El-Sayed has been involved in a desperate hunt for an industrial partner to buy part of his stake, but he has been ultimately unwilling to give up control of the company in return.

He has spun a series of deals, the latest being for Procordia, the Swedish state holding company, to enter Fermenta with an initial 10.75 per cent stake rising within 12 months to 43 per cent; but Procordia suddenly pulled out in mid-November claiming that Mr El-Sayed had failed to provide the legal guarantees to ensure the shares would be available, if it chose to exercise its options.

The tangled web of negotiations has created a permanent air of uncertainty and turmoil around Fermenta. Its shares have been suspended from trading for nearly a month during 1986—setting an unenviable record—and it has twice come within a hair's breadth of being expelled from the stock market.

After an investigation lasting several months, the Stock Exchange said earlier this year that, ever since Fermenta was launched on the stock market in the summer of 1984, Mr El-Sayed had engaged in large-scale trading in Fermenta shares on his own behalf. It said he had issued selective information, and announcements from the company itself had created a "misleading picture" of its activities. The Stock Exchange imposed the maximum possible fine and severely reprimanded the company for "inexcusable" breaches of Stock Exchange rules.

In mid-November Fermenta was fined again for further failures to provide the stock market with adequate information about its affairs. A powerful minority of the Stock Exchange board, led by its chairman and deputy chairman, and the director and deputy director of the exchange, voted in favour of expelling Fermenta, however.

In a memorandum of dissent they said that, on repeated occasions, Fermenta had "disregarded fundamental rules for a publicly quoted company" in such a serious way that it should be de-listed.

At a shareholders' meeting in mid-November Mr El-Sayed reinstated himself as managing director—the post he had been forced to relinquish when the scandal over his missing doctorates was at its peak—but it was still unclear, how he would extricate himself from his pressing debt problems.

Kevin Done

AEG

Fastest climber in Germany

VIRTUALLY GIVEN up for dead a few years ago, AEG, the West German electronics and electrical concern, is now very much alive and prospering under the wing of Daimler-Benz, the diversified luxury car and truck maker.

It is turning steady profits and its shares have moved up sharply from the low level at which they were languishing just over four years ago. As a result, AEG has climbed the FT 500 list faster than any other German company this year, from 193rd place to 87th.

Last year, AEG made operating profits of around DM 100m ($49m), similar to the previous year. It hopes to do better in 1986, even though the weakness of the dollar has held back sales growth. Annual turnover is around DM 11bn.

AEG's marked recovery from a state of near bankruptcy in the early 1980s—it finally came out of two years of receivership in September 1984—is one of the most startling corporate transformations of the post-war period. The completed purchase of a majority 56 per cent stake by Daimler nine months ago set the seal on AEG's new status as a company with a profitable future, though it still bears the scars of its darker days.

Back in 1982, AEG made an operating loss of DM 932m. Through mismanagement and too wide a spread of household and industrial products, it had become vulnerable to tougher competition. Its shares sunk to an all-time low of DM 23 in August, 1982. That was when AEG had to seek protection from creditors, a process under which they wrote off 60 per cent of their loans of nearly DM 6bn, leaving the beleaguered concern to pay off the rest.

This year, in the much more agreeable climate of steady AEG profits and the security of Daimler's controlling interest, the shares have been livelier, traded as high as DM 363.50 and as low as DM 260.50 and recently halfway between.

Insider trading was alleged last year, as Daimler's intention to buy AEG became known. In the 10 days before Daimler's official offer in October, shares of AEG jumped by nearly 30 per cent to DM 181 against an overall move of only 1 per cent for the whole market. This March, the Frankfurt Stock Exchange said, however, it had so far found no evidence of insider dealings.

Later, Mr Klaus Kuhn, a former supervisory board chairman of AEG, admitted trading in the shares before the Daimler purchase. He agreed to return his trading profits of nearly DM 16,000 to AEG, but continued as a member of the supervisory board.

Under Mr Heinz Durr, chief executive and the man chiefly responsible for AEG's return to corporate health, the company is now concentrating on higher technology products and spending more on research. Automation, micro-electronics, and software are key areas in the new AEG, certainly revitalised after dicing with bankruptcy but still with an image problem.

Andrew Fisher

Guinness

Benefits from a ruthless overhaul

GUINNESS, the UK-based alcoholic drinks and retailing group, this year took the major step in developing an international beverages business with the £2.6bn acquisition of Distillers, the major producer of Scotch whisky. It was a move that assisted in Guinness's jump from 176 to 39 on the FT500 List as its market capitalisation soared to $4.17bn from $633m last year.

Since 1981, when Mr Ernest Saunders was appointed chief executive of the group, whose stout is one of the top brands of beer in the UK, the business has been transformed with pre-tax profits more than doubling and earnings per share trebling.

The fairly ruthless prune of the business started quickly. Between 1982 and 1983 more than 150 businesses were sold off out of the group's 250 operating companies. It was a closure and selling-off process that reversed the group's ramshackle and unsuccessful diversification in previous years in areas ranging from film finance to baby wear.

Hand in hand with the development came a strategic overhaul of the group's businesses. These can be loosely divided into: brewing, retailing, publishing and health. The group's first excursion into the last area was its £3m acquisition in 1984 of the Champney's Group and its famous health spas.

In brewing, the major contributor to group turnover, the group rationalised production and focused attention on stemming the long-term decline in sales of its Guinness stout—an objective that has been achieved by a skilful marketing team.

While Mr Saunders had made several relatively small acquisitions during the years of rationalisation and re-organisation, it was in 1985 that Guinness started to show its thirst to build up a portfolio of international drinks brands. In August 1985 it won its protracted £356m takeover battle for Arthur Bell, the Scotch whisky distiller. At the time, Mr Saunders said: "This is the first step towards the creation of a new worldwide marketing force by uniting two of the world's most potent brand names."

A year later Guinness owned Distillers, holder of the biggest portfolio of Scotch whisky brands in the world—including Johnnie Walker and White Horse blended whisky—as well as Gordon's Gin and drinks such as Pimms. It was Mr James Gulliver, chairman of Argyll, the supermarket and drinks group who originally had Distillers in his sights with a £1.9bn hostile takeover bid. Then, in January 1986, an approach to Guinness by Distillers resulted in the two groups announcing a proposed £2.3bn agreed bid. There then ensued one of the bloodiest fights the City has even seen, with Guinness finally securing its prize in April after heading off an investigation by the Monopolies and Mergers Commission.

The group's prominance in the public eye did not diminish, however. A major dispute quickly emerged over Guinness's decision to abandon plans, laid down in its offer document for Distillers, to form a joint board under the chairmanship of Sir Thomas Risk, governor of the Bank of Scotland. It was a row that involved the Stock Exchange, Scottish institutional shareholders and the Scottish lobby. Finally, in September, Mr Saunders, who now combines the role of chairman and chief executive of the group, won an overwhelming victory for an alternative board structure at a packed extraordinary meeting of shareholders in London.

Attention now is being concentrated on just how Guinness is going to revitalise the Distillers company. Guinness, pregnant with a large team of new senior managers, has not yet revealed its international marketing strategy for the group's brands and those of Arthur Bell, whose new chief executive is Mr Robert Hermans, previously chief executive of Seagram UK.

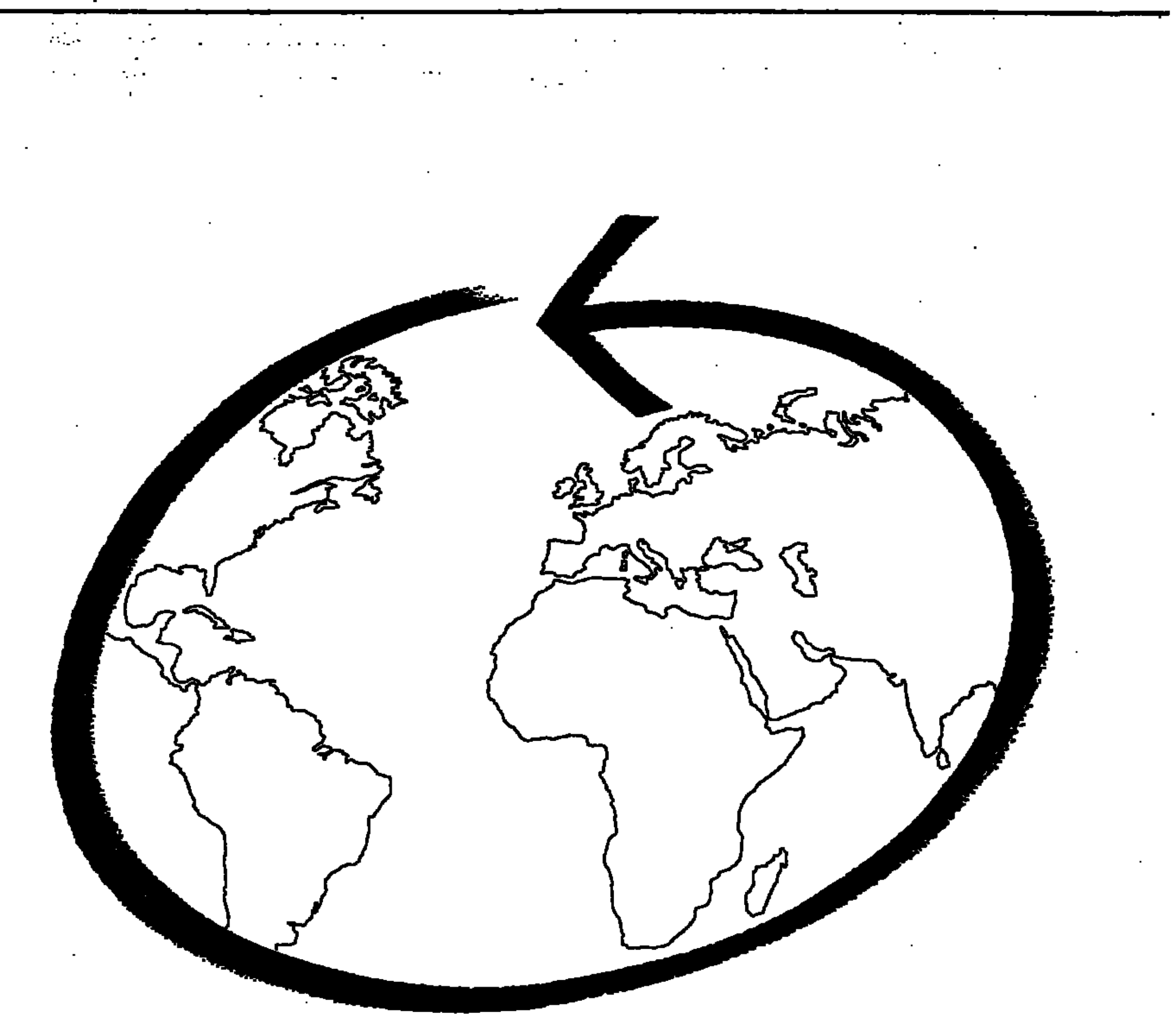
A combination of non-strategic asset sales and tighter asset management has already begun with, for example, the £108m sale of the group's stake in British Petroleum and greater integration of the group's Scotch whisky production facilities. Brand building, however, takes more time. Wood Mackenzie, the Edinburgh-based stockbrokers, said in a recent analysis of the group that, while the brand building opportunities should ensure growth on a five-year view, Guinness's short term progress was effectively underpinned by the rationalisation and tight asset management.

Indicative of the Guinness approach to marketing is the recent announcement that the group was closing all Distillers' London offices—each brand company had its own headquarters in the capital—and centralising all overseas sales and marketing staff in an office close to Heathrow. Mr Victor Steele, managing director of Guinness Beverage Group, the subsidiary responsible for all Guinness's drinks brands, said: "The greatest potential for expanding Scotch whisky sales lies overseas, and we must have a fully co-ordinated structure and marketing policy to compete effectively in world markets."

The US is the single most important profit source for the group, which not only has three of the top six Scotch brands there but also owns the Somerset Distribution group. In addition, the US has been targeted for development of the group's Guinness and specialist beers sales, including Kaliber, a non-alcoholic beer.

Certainly, new product developments such as Kaliber and acquisitions of the stature of Distillers, have taken Guinness into a new era where it can legitimately claim to being an international beverage group.

Lisa Wood



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Financial Times TOP 500 1986

Market nervous since oil's lift to equities

IT WAS one of the most formidable and rapid advances ever staged by the London equities market: in the first three months of this year the market rose by one fifth to reach record levels in early April.

The major cause of this rise was the sudden collapse of oil prices, with Brent crude, for example, falling from some $28 a barrel in December to around $12 in April (and even dipping below $10 in June).

With the benefit of hindsight, it may now be hard to recall that back in late 1985, as the oil price began weakening, there were many Cassandras who argued that this would hurt equities, due to the knock-on effect on sterling and interest rates.

In the event, however, both the pound and interest rates rode out the storm, and the market's perception was turned on its head: now the collapse in oil prices was viewed as good news for equities, slashing industry's raw material costs and giving a sharp upward boost to corporate profits, which are estimated to have gone up by 15 per cent this year.

Good news, that is, except for the oil sector; and this year's UK FT 500 underlines the collapse in oil company share prices that has inevitably accompanied that of crude.

The giants of the sector—British Petroleum and Shell Transport and Trading—have been shielded from the worst impact of the crash by the fact that they run integrated businesses, with downstream refining and retailing operations that can benefit from cheaper crude. But their smaller brethren in the independent UK oil sector, which earn most of their profits upstream, dominate the major downward movements in this year's FT-500. They include Tricentrol, Carless Capel & Leonard, Premier Consolidated Oilfields, Clyde Petroleum and London and Scottish Marine Oil.

Since its remarkable spring surge, the market has been in a rather more uncertain mood, falling and then rallying again on a mixed bag of factors, notably sterling, oil prices and the gloomy trend in the trade figures. There was a dip in May which accompanied a sudden series of cash calls—a £403m rights issue from Saatchi & Saatchi, the advertising agency, another of £357m from Prudential Assurance, and a £714m demand from National Westminster Bank, the biggest rights issue ever seen in London.

After a short rally, there was a fresh plunge in late July amid concern over sterling and a profits warning from GKN, the large engineering group. But a roller-coaster succession of dips and rallies after that took the market nudging back up to within striking distance of its all-time peak.

In short, the pattern in recent months has been for the FT-Actuaries All-Share Index to rise and fall within a band which is bounded—on the upper side—by the April peak of 832, and on the lower side by 750. It stands today some 20 per cent higher than this time last year.

Sectors which have outperformed the market particularly well include chemicals, health and household products, textiles, food manufacturing and publishing and printing; while underperformers include the still-troubled electricals and electronics sector, and stores—one of the star performers of the previous year.

The widely differing fortunes of companies in the electronics sector is underlined by the stories of Amstrad—the biggest upward mover in the 500 in terms of places—and of CASE Group, which suffered one of the worst falls.

Under the leadership of Mr Alan Sugar, its founder, chairman and largest shareholder, Amstrad has grown from tiny origins into one of the great entrepreneurial success stories of the 1980s. Its strength is Mr Sugar's ability to spot and exploit market niches at the cheap end of the consumer electronics business.

And nowhere has he done so more spectacularly than with the introduction of an inexpensive word processor, which over the past two years has transformed the group's already strong profits growth into an exponential leap. The question facing analysts now is whether he can repeat the performance with his recently introduced range of low-cost personal computers.

CASE Group, a manufacturer of data communications equipment, is a one-time high-technology market favourite which fell out of the City's affections after an expansion into the US market, through the acquisition of Rixon, had turned sour. Heavy costs were involved in establishing the American venture as a supplier of network equipment, and orders turned out to be way below the company's expectations.

IBL, another company that has dropped dramatically down the UK 500 list, is a further example of the perils of the electronics sector. An IBM computer leaser, it came to the market in June last year but saw its share price slump this summer when it revealed a profits downturn, which it blamed on the management of a French subsidiary taking on unprofitable business.

Sound Diffusion, a Sussex-based electronic engineering company, which has also dropped down the FT 500 list, fell out of favour with the market after announcing 1984 pre-tax profits well below brokers' estimates. The disenchantment was reinforced when the chairman's forecasts about 1985's figures proved over-optimistic when the results were finally published several months late.

Many of the major upwards movements in the UK 500 rankings are the result of companies expanding rapidly through takeovers. BBA, the second biggest jumper in terms of places, has developed a reputation as one of the UK's most acquisitive hungry businesses since Dr John White took over as chief executive in 1984. However, its reputation has taken a knock in recent weeks after it revealed major redundancies at an automotive plant acquired earlier in the year with its £98m takeover of Automotive Products. Analysts began heavily marking down their expectations of BBA's full-year profits.

Among the biggest British companies, Guinness is particularly noteworthy for its jump from 87th place last year to 18th in this year's UK 500. Again, the reason is acquisitions: last spring it won its bitter and controversial takeover battle for Distillers, the Scottish spirits group, against a rival offer from Argyll Group—and that came hard on the heels of its £400m takeover in 1985 of Arthur Bell & Sons, the whisky manufacturer. Under the leadership of Mr Ernest Saunders, Guinness has moved in five years from being a troubled brewer with a market capitalisation of under £100m into a diversified drinks group worth nearly £2.8bn.

But several other changes in the rankings of major British companies stem from friendly mergers rather than hostile bids. Into this category comes the creation at the start of this year of Storehouse, the retailing business formed by a merger between Sir Terence Conran's Habitat-Mothercare group and British Home Stores. So too does the get-together between textile groups Vantona Viyella and Coats Patons—itself consummated less than a year after a merger between Vantona and Nottingham Manufacturing.

Newcomers to the UK 500 include several companies floated on the London market during the past year. The biggest and most exciting new issues were Wellcome, the drugs company, which came with a £250m offer for sale—valuing the whole group at £1bn—which was 17 times oversubscribed; and Laura Ashley, the home furnishings and clothing group, which offered around 25 per cent of its shares in November last year, valuing the whole group at £269m. It was 33 times oversubscribed. (The Trustee Savings Bank flotation came too late for this year's table.)

Newcomers to the list also include several groups which are expanding rapidly by takeovers from a relatively small base. In the engineering sector—suddenly a hotbed of entrepreneurial activity, there is Williams Holdings, headed by Mr Nigel Rudd and Mr Brian McGowan. In textiles, there is the John Crowther Group, which has embarked on a remarkable acquisition programme over the past year under the chairmanship of Mr Trevor Barker.

And in the services sector there is Blue Arrow, headed by Mr Tony Berry, which, after swallowing up a string of UK acquisitions, including Brook Street Bureau, is now expanding apace in the US.

Corporate history teaches that breakneck expansion through acquisition can end in tears, if inadequate financial and management controls are installed; but several of this year's newcomers seem likely to power their way up through the rankings during the coming 12 months.

Martin Dickson

1—50

Ranking 1986	Ranking 1985	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
1	(1)	British Telecom	13,320.0	48	4	8,387.0	7,653.0	9.6	1,810.0	1,480.0	22.3	21.7	233,711	31.03.86
2	(2)	*British Petroleum*	*10,840.0*	*51*	1	40,986.0	*37,933.0*	*8.0*	*3,613.0*	*3,455.0*	*4.6*	*18.2*	129,450	*31.12.85*
3	(3)	Shell Transport & Trading	8,888.0	51	—	—	—	—	—	—	—	—	—	*31.12.85
4	(6)	Glaxo Holdings	7,498.0	27	54	1,412.1	1,199.9	17.7	402.9	256.0	57.4	47.7	25,634	31.06.85
5	(4)	Imperial Chemical Industries	6,469.9	42	3	10,725.0	9,909.0	8.2	912.0	1,034.0	−11.7	17.9	118,600	31.12.85
6	(5)	BAT Industries	5,966.1	36	2	14,473.0	15,299.0	−5.3	1,168.0	1,405.0	−16.8	19.0	197,960	*31.12.85
7	(7)	General Electric	5,920.2	5	9	5,252.6	5,222.4	0.6	700.6	724.6	−3.2	22.3	164,536	31.03.86
8	(9)	Marks and Spencer	5,385.5	34	12	3,734.8	3,208.1	16.4	365.8	304.1	20.3	24.5	63,144	31.03.86
9	(8)	BTR	5,092.0	10	10	3,880.6	3,486.7	11.3	361.8	284.2	27.3	29.5	85,400	28.12.85
10	(11)	Hanson Trust	4,667.9	11	20	2,674.5	2,382.3	12.3	252.8	169.1	49.5	23.2	64,000	30.09.85
11	(13)	National Westminster Bank	3,747.4	62	—	N/R	N/R	—	804.0	671.0	19.8	†37.3	81,715	31.12.85
12	(10)	*Barclays*	*3,570.0*	*62*	—	*N/R*	*N/R*	—	*854.0*	*623.0*	*37.1*	*†44.6*	*105,900*	**31.12.85*
13	(15)	Grand Metropolitan	3,530.0	22	7	5,589.5	5,075.0	10.1	347.3	334.3	3.9	16.1	137,195	30.09.85
14	(14)	Cable and Wireless	3,519.1	48	84	907.0	861.5	5.3	295.0	245.2	20.3	29.5	244,258	31.03.86
15	(12)	Beecham Group	3,225.0	27	21	2,602.7	2,289.1	13.7	303.8	299.8	1.3	26.5	42,300	31.03.86
16	(17)	Prudential Corporation	3,152.7	65	—	N/R	N/R	—	108.6	78.0	39.2	N/R	22,838	31.12.85
17	(18)	Great Universal Stores	2,866.9	34	25	2,368.0	2,175.6	8.8	297.7	261.0	14.1	19.1	43,448	31.03.86
18	(87)	Guinness	2,764.3	22	70	1,187.7	923.7	28.6	86.1	70.4	22.3	23.6	18,616	30.09.85
19	(19)	Unilever	2,719.4	25	6	6,495.0	5,859.0	10.9	462.0	391.0	18.2	17.5	N/A	31.12.85
20	(16)	Sainsbury J.	2,704.6	26	13	3,414.1	2,998.7	13.9	192.7	156.44	23.2	28.0	64,007	22.03.86
21	(21)	Bass	2,680.7	22	24	2,410.8	2,252.3	7.0	255.1	218.4	16.8	18.7	71,260	*30.09.85
22	(23)	Allied Lyons	2,468.3	22	16	3,301.8	3,174.8	4.0	269.5	219.0	23.1	17.7	70,301	01.03.86
23	(25)	Lloyds Bank	2,096.3	62	—	N/R	N/R	—	561.0	468.0	19.9	†32.5	55,011	31.12.85
24	(22)	Royal Insurance	2,039.4	66	—	N/R	N/R	—	41.4	11.2	269.6	N/R	9,130	31.12.85
25	(20)	Rio Tinto-Zinc Corporation	1,907.6	81	8	5,310.8	5,948.6	−10.6	716.7	676.1	6.0	13.8	75,179	31.12.85
26	(32)	Sears	1,890.3	34	27	2,277.9	2,019.4	12.8	185.2	175.2	5.7	18.7	64,101	31.01.86
27	(26)	Boots	1,808.9	34	30	2,126.1	2,033.1	44.6	210.4	190.3	10.6	25.3	67,643	31.03.86
28	(27)	Land Securities	1,796.7	69	—	N/R	N/R	—	112.9	95.6	18.1	5.9	395	31.03.86
29	(—)	Wellcome	1,702.5	27	76	1,003.6	806.4	24.5	121.7	89.0	36.7	22.4	18,342	*31.08.85
30	(41)	Plessey	1,698.2	5	51	1,461.1	1,415.7	3.2	170.2	163.6	4.0	23.6	34,366	28.03.86
31	(54)	Burton Group	1,592.5	34	114	551.0	415.9	32.5	80.2	56.4	42.2	29.6	14,739	31.08.85
32	(30)	ASDA/MFI Group	1,580.4	26	23	2,516.6	2,259.4	11.4	166.4	158.2	5.2	35.2	41,305	*03.05.86
33	(39)	Reuters	1,569.4	32	128	434.1	330.3	31.4	93.6	74.2	26.1	51.1	4,777	*31.12.85
34	(36)	General Accident	1,540.2	66	—	N/R	N/R	—	26.5	3.9	579.5	N/R	8,709	31.12.85
35	(38)	Tesco Stores (Holdings)	1,511.5	26	14	3,355.3	3,000.4	11.8	122.9	81.3	51.2	25.4	60,781	22.02.86
36	(51)	Fisons	1,472.5	42	106	600.6	506.0	18.7	72.3	48.3	49.7	27.6	9,021	31.12.85
37	(46)	Tarmac	1,444.3	2	47	1,536.1	1,276.6	20.3	135.2	109.6	23.44	28.8	25,748	31.12.85
38	(31)	Guardian Royal Exchange	1,408.6	66	—	N/R	N/R	—	3.5	92.2	−96.1	N/R	8,924	31.12.85
39	(44)	Dee Corporation	1,398.2	26	18	2,860.4	2,434.1	17.5	83.0	64.3	29.1	21.5	47,095	26.04.86
40	(92)	Coats Viyella	1,389.6	35	99	674.9	606.9	11.2	52.1	42.4	22.9	22.1	32,046	*30.11.85
41	(42)	Sun Alliance and Lond. Ins.	1,368.6	66	—	N/R	N/R	—	37.7	47.6	−20.7	N/R	12,650	31.12.85
42	(28)	BOC Group	1,353.4	42	35	1,900.9	2,103.0	−9.5	171.3	137.8	24.3	11.7	37,403	30.09.85
43	(63)	British Aerospace	1,337.5	6	19	2,674.7	2,467.9	8.4	150.5	120.2	25.2	12.1	75,645	31.12.85
44	(37)	Trusthouse Forte	1,325.1	29	67	1,244.5	1,131.4	10.0	129.6	108.9	19.0	13.8	55,400	31.10.85
45	(—)	Storehouse	1,300.2	34	74	1,057.8	997.2	6.1	116.1	97.7	18.8	26.4	21,654	*29.03.86
46	(43)	Associated British Foods	1,277.2	25	17	3,129.2	2,930.6	6.8	163.5	132.3	23.6	17.8	78,772	29.03.86
47	(47)	Commercial Union	1,275.4	66	—	N/R	N/R	—	0.2	(72.8)	—	N/R	¶18,285	31.12.85
48	(34)	Legal and General Assurance	1,271.8	65	—	N/R	N/R	—	31.5	48.1	−34.4	N/R	5,909	31.12.85
49	(48)	P & O Steam Navigation	1,266.9	45	43	1,629.3	1,644.1	−0.8	125.6	90.2	39.2	12.3	31,505	*31.12.85
50	(45)	Midland Bank	1,241.6	62	—	N/R	N/R	—	351.0	135.0	160.0	†31.4	66,423	31.12.85

51—100

Ranking 1986	Ranking 1985	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
51	(49)	Whitbread	1,229.8	22	48	1,533.0	1,444.0	6.2	129.6	110.1	17.7	12.9	47,132	01.03.86
52	(71)	Woolworth Holdings	1,229.6	34	41	1,757.0	1,661.1	5.8	81.3	105.8	−23.1	14.2	54,533	*01.02.86
53	(58)	Standard Chartered	1,225.2	62	—	N/R	N/R	—	267.9	239.6	11.8	†27.8	5,500	31.12.85
54	(66)	Dixons Group	1,211.0	34	81	943.4	606.7	55.5	78.1	39.6	97.2	29.1	11,651	26.04.86
55	(57)	Reckitt & Colman	1,184.4	27	65	1,266.9	1,124.4	12.7	123.4	106.4	16.0	26.3	36,900	*04.01.86
56	(80)	Courtaulds	1,160.7	35	29	2,172.7	2,151.9	1.0	143.0	128.2	11.5	20.0	67,700	31.03.86
57	(64)	Reed International	1,158.1	33	33	1,931.1	2,115.2	−8.6	137.4	107.5	27.8	19.3	34,700	31.03.86
58	(52)	Hawker Siddeley Group	1,109.4	6	45	1,592.0	1,599.6	−0.4	160.3	143.0	12.1	13.7	40,800	31.12.85
59	(50)	Racal Electronics	1,095.7	5	66	1,266.3	1,107.0	14.4	90.2	132.3	−31.7	15.7	32,545	31.03.86
60	(70)	Pearson	1,093.5	11	79	970.1	843.2	15.0	109.3	99.4	10.0	20.4	30,158	31.12.85
61	(61)	BET	1,065.9	11	59	1,333.0	1,064.0	25.3	124.6	92.8	34.3	26.4	70,625	¶31.03.86
62	(62)	Smith & Nephew Associates	1,059.9	27	131	423.0	374.1	13.1	70.6	55.5	27.2	29.6	12,748	28.12.85
63	(67)	Rank Organisation	1,044.3	29	101	630.9	724.7	−12.8	137.0	105.3	30.1	20.8	19,046	31.10.85
64	(29)	Trafalgar House	1,010.7	11	42	1,649.4	1,337.4	23.3	142.5	113.2	25.9	27.0	34,278	30.09.85
65	(65)	United Biscuits	1,008.0	25	39	1,806.4	1,659.5	8.9	102.2	87.2	17.2	21.7	41,467	28.12.85
66	(56)	Thorn EMI	994.2	29	15	3,316.5	3,204.4	3.5	104.7	108.3	−3.2	12.5	85,700	31.03.86
67	(55)	Sedgwick Group	992.9	67	—	N/R	N/R	—	124.3	96.3	29.1	42.7	12,375	¶31.12.85
68	(89)	Jaguar	991.2	9	94	746.5	634.1	17.7	121.3	91.5	32.6	78.9	10,441	31.12.85
69	(96)	BPB Industries	988.6	2	103	616.0	564.3	9.2	103.2	78.6	31.3	31.1	10,120	31.03.86
70	(76)	Redland	975.2	2	83	920.6	954.8	−3.5	112.8	108.2	4.3	25.7	12,041	29.03.86
71	(53)	Cadbury Schweppes	970.0	25	36	1,873.8	2,016.2	−7.0	93.3	124.0	−24.7	17.4	18,522	28.09.85
72	(69)	Hammerson Property	937.8	69	—	N/R	N/R	—	40.1	33.4	20.1	6.1	412	*31.12.85
73	(60)	Royal Bank of Scotland	935.9	62	—	N/R	N/R	—	166.3	131.3	26.7	†28.6	17,269	30.09.85
74	(74)	Pilkington Brothers	901.4	2	60	1,321.1	1,226.9	7.7	105.8	116.0	−8.7	8.6	44,900	31.03.86
75	(85)	Ladbroke Group	880.7	29	58	1,342.6	1,115.9	20.3	75.1	50.2	49.6	20.1	21,182	31.12.85
76	(40)	Consolidated Gold Fields	877.4	81	82	933.1	845.0	10.4	114.9	105.0	9.4	15.0	13,970	30.06.85
77	(82)	GKN	877.1	9	28	2,199.6	2,083.2	5.6	132.7	115.2	15.2	15.1	51,961	31.12.85
78	(77)	MEPC	870.1	69	—	N/R	N/R	—	51.6	45.2	14.2	6.5	724	30.09.85
79	(115)	Saatchi & Saatchi	832.7	12	62	1,307.4	855.4	52.8	40.4	20.0	102.0	101.7	6,226	30.09.85
80	(35)	Britoil	819.0	51	40	1,799.6	1,548.7	16.2	730.9	688.1	6.2	54.5	2,724	31.12.85
81	(73)	Blue Circle Industries	818.1	2	80	947.2	870.3	8.8	116.9	113.2	3.3	10.8	17,127	31.12.85
82	(59)	STC	808.2	5	31	1,997.2	1,966.7	1.6	(11.4)	140.8	—	4.4	48,021	*31.12.85
83	(72)	Rowntree Mackintosh	777.0	25	68	1,205.2	1,156.5	4.2	79.3	74.5	6.4	17.2	32,000	28.12.85
84	(95)	Lonrho	751.7	91	22	2,586.2	2,367.5	9.2	158.3	135.4	16.9	16.6	117,578	30.09.85
85	(145)	British Printing & Comm Corp	744.1	32	175	265.1	266.5	−0.4	25.5	37.9	−32.6	17.6	7,725	31.12.85
86	(136)	*Lucas Industries*	741.1	9	49	1,498.9	1,397.1	7.3	57.8	32.6	77.3	21.5	64,855	31.07.85
87	(81)	Willis Faber	734.2	67	—	N/R	N/R	—	60.7	47.0	29.1	45.4	3,548	31.12.85
88	(114)	Burmah Oil	708.3	51	52	1,457.9	1,649.5	−11.5	79.6	65.4	21.7	16.8	14,557	31.12.85
89	(104)	Cookson Group	697.9	10	110	567.0	498.1	13.8	67.6	52.3	29.3	22.1	6,513	¶31.12.85
90	(94)	English China Clays	683.1	10	97	713.9	604.2	18.2	76.6	64.2	19.3	17.9	13,724	30.09.85
91	(110)	Unigate	682.9	25	34	1,919.8	1,932.2	−0.5	82.8	63.6	30.2	21.4	33,500	31.03.86
92	(98)	Granada Group	670.6	29	90	767.3	634.2	21.0	64.4	53.8	19.7	14.5	18,916	28.09.85
93	(320)	Amstrad Consumer Electronics	654.2	5	163	304.2	136.1	123.5	75.3	20.2	272.8	178.5	526	30.06.86
94	(118)	Bunzl	653.2	33	87	787.6	857.2	−8.0	42.7	27.6	54.7	36.4	5,720	31.12.85
95	(105)	Smiths Industries	643.0	6	144	383.0	388.7	−1.4	47.6	36.2	31.5	25.7	10,741	*03.08.85
96	(79)	Argyll Group	639.8	26	38	1,818.7	1,677.0	8.4	64.6	53.1	21.7	33.6	25,750	29.03.86
97	(99)	Ranks Hovis McDougall	633.7	25	61	1,313.8	1,212.8	8.3	71.5	50.7	41.0	19.3	35,433	31.08.85
98	(83)	Northern Foods	630.5	25	50	1,483.6	1,272.4	16.6	66.1	55.4	19.3	19.2	26,161	31.03.86
99	(103)	Scottish & Newcastle Brews.	609.4	22	89	773.6	707.2	9.4	75.1	65.2	15.2	17.1	20,361	27.04.86
100	(126)	RMC Group	608.9	2	56	1,363.8	1,174.9	16.1	79.7	81.3	−1.9	19.7	19,525	31.12.85

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Ranking 1986	Ranking 1985	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
101	(135)	Hillsdown Holdings	604.5	25	71	1,135.5	983.2	15.5	33.4	18.9	76.7	22.4	19,575	31.12.85
102	(123)	Wimpey (George)	586.8	3	46	1,551.0	1,446.0	7.3	46.9	38.2	22.8	10.4	23,600	31.12.85
103	(144)	IMI	584.1	8	92	766.2	737.9	3.8	57.8	45.1	28.2	17.7	20,291	31.12.85
104	(216)	Metal Box	582.4	33	72	1,114.3	1,130.1	−1.3	65.8	68.1	−3.3	19.9	28,707	31.03.86
105	(127)	Dalgety	567.9	25	11	3,767.0	3,701.0	1.8	67.5	67.0	0.7	17.5	18,951	30.06.85
106	(106)	BICC	560.0	4	32	1,969.0	1,985.1	−0.7	92.0	87.0	5.7	19.2	46,419	31.12.85
107	(100)	British & Commonwealth Ship.	555.3	45	158	402.4	376.5	6.9	76.8	66.2	16.0	17.5	10,146	31.12.85
108	(138)	Kleinwort Benson Lonsdale	553.0	68	—	N/R	N/R	—	60.3	44.5	35.5	N/R	1,190	31.12.85
109	(86)	Ferranti	550.5	5	107	595.8	567.9	4.9	41.2	46.0	−10.6	18.7	21,420	31.03.86
110	(97)	Imperial Cont'l Gas Assoc.	539.2	51	122	498.9	649.9	−23.1	89.4	80.0	11.8	15.3	4,546	31.03.86
111	(91)	Bank of Scotland	528.8	62	—	N/R	N/R	—	95.2	80.4	18.4	†28.7	10,771	28.02.86
112	(68)	Abbey Life	520.8	65	—	N/R	N/R	—	19.8	9.3	112.9	N/R	1,982	31.12.85
113	(93)	Exco International	519.8	70	199	202.9	190.9	6.3	87.4	72.0	21.4	30.2	1,951	31.12.85
114	(108)	Laporte Industries	516.1	42	185	240.3	241.8	−0.5	55.8	47.5	17.5	27.5	3,581	29.12.85
115	(101)	Pearl Assurance	515.9	65	—	N/R	N/R	—	17.7	14.6	21.2	N/R	8,694	*31.12.85
116	(171)	Mercury International Group	515.7	68	—	N/R	N/R	—	42.0	28.7	46.3	N/R	1,065	*31.03.86
117	(111)	Smith W. H. & Son	504.9	34	64	1,281.6	1,067.2	20.1	49.2	43.1	14.2	25.9	25,710	31.05.86
118	(90)	Sun Life Assurance Society	502.5	65	—	N/R	N/R	—	14.3	12.0	19.2	N/R	2,451	31.12.85
119	(159)	United Newspapers	491.0	32	157	312.3	194.4	60.6	34.9	26.7	30.7	‡20.1	8,285	31.12.85
120	(102)	Rothschild J. Holdings	490.9	70	—	N/R	N/R	—	80.4	70.1	14.7	14.4	1,618	31.03.86
121	(88)	Harrisons & Crosfield	489.9	91	57	1,344.1	1,300.4	3.4	58.5	83.2	−29.6	12.0	27,467	31.12.85
122	(78)	Ultramar	487.5	51	26	2,357.8	3,260.4	−27.6	265.7	273.0	−2.6	26.3	3,719	31.12.85
123	(109)	Dowty Group	478.9	6	121	518.8	462.7	12.1	47.6	44.2	7.7	16.5	15,673	31.03.86
124	(133)	Associated Newspapers	478.9	32	130	424.5	357.8	18.6	41.9	23.4	79.1	14.3	11,177	30.09.85
125	(134)	Taylor Woodrow	476.6	3	95	739.4	655.3	12.8	53.7	44.2	21.5	12.5	9,649	31.12.85
126	(117)	Booker	470.6	11	69	1,188.1	1,069.9	11.0	46.5	36.8	26.4	26.1	14,634	*31.12.85
127	(120)	De la Rue	468.2	12	159	309.9	337.0	−7.9	49.4	46.4	6.5	23.9	8,661	31.03.86
128	(121)	Slough Estates	466.7	69	—	N/R	N/R	—	39.5	33.6	17.6	7.9	358	31.12.85
129	(137)	Costain Group	458.7	3	86	805.0	635.1	26.8	60.6	51.7	17.2	18.5	13,321	31.12.85
130	(122)	Berisford S. & W.	444.2	25	5	7,291.8	5,703.0	27.9	53.0	80.2	−33.8	22.4	10,871	30.09.85
131	(129)	Harris Queensway Group	441.9	34	123	498.6	370.4	—	36.9	27.3	—	36.8	8,030	*26.01.86
132	(147)	Vickers	434.8	6	104	611.2	528.8	15.6	45.1	30.8	46.4	16.6	15,801	31.12.85
133	(242)	Beazer C. H. Holdings	430.2	3	210	190.7	132.6	43.8	15.8	11.3	39.8	31.2	2,780	30.06.85
134	(—)	Ashley, Laura	423.2	34	244	131.5	96.4	36.4	18.0	14.1	27.7	‡25.6	5,019	*25.01.86
135	(203)	Pentland Industries	420.8	35	182	246.4	115.3	113.7	40.2	12.9	211.6	177.9	984	31.12.85
136	(124)	Salvesen, Christian	414.5	25	164	295.0	256.4	15.1	38.8	33.4	16.2	29.3	6,195	31.03.86
137	(125)	Tate & Lyle	413.9	25	44	1,626.7	1,675.6	−2.8	76.7	65.4	17.3	19.2	5,774	¶28.09.85
138	(139)	Electrocomponents	400.5	5	205	199.7	164.0	21.8	35.2	29.6	18.9	54.6	2,157	31.03.86
139	(112)	Rothmans International	396.6	36	53	1,447.0	1,604.0	−9.7	94.0	121.9	−22.8	11.8	21,833	31.03.86
140	(131)	Kwik Save Group	393.2	26	98	696.3	617.0	12.9	36.0	31.8	13.2	37.9	6,323	*31.08.85
141	(195)	Hambros	381.7	68	—	N/R	N/R	—	43.4	27.3	59.0	N/R	1,862	31.03.86
142	(142)	Hill Samuel Group	378.2	68	—	N/R	N/R	—	40.7	31.9	27.6	N/R	4,297	*31.03.86
143	(188)	Wolseley	377.6	11	120	527.1	445.2	18.4	31.5	26.0	21.2	25.2	4,820	31.07.85
144	(146)	Dawson International	365.6	35	166	285.2	265.7	7.3	42.1	35.1	19.9	25.4	9,723	31.03.86
145	(181)	Glynwed International	355.9	8	125	464.1	514.1	−9.6	35.6	26.5	34.3	22.7	11,267	28.12.85
146	(368)	BBA Group	355.1	9	189	229.5	176.1	30.3	13.1	5.4	142.6	22.3	7,053	31.12.85
147	(143)	Next	350.0	34	232	146.0	108.3	34.8	20.1	13.6	47.8	15.3	4,499	*31.08.85
148	(243)	Siebe	346.4	11	146	372.2	212.6	75.1	33.1	17.1	93.6	39.1	10,325	*05.04.86
149	(191)	Norcros	338.9	10	105	601.8	347.8	73.0	45.1	34.3	31.5	30.7	14,643	31.03.86
150	(167)	Hepworth Ceramic Holdings	333.6	2	148	365.8	377.7	−3.1	33.5	35.2	−4.7	16.1	7,734	31.12.85

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Ranking 1986	Ranking 1985	Company	Country	capital £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Employees	Year end
151	(199)	TI Group	331.2	6	77	997.1	971.2	2.7	30.6	19.0	61.1	14.6	27,300	31.12.85	
152	(119)	*Inchcape*	327.3	91	37	1,828.5	2,086.0	−12.2	46.2	78.9	−41.3	9.7	46,839	31.12.85	
153	(151)	Bowater Industries	321.7	33	63	1,287.0	1,266.4	1.6	32.4	35.7	−9.1	10.8	24,800	31.12.85	
154	(326)	Rosehaugh	320.6	70	—	N/R	N/R	—	2.7	3.4	−20.5	13.8	79	30.06.85	
155	(208)	DRG	316.4	33	102	625.0	605.7	3.2	31.2	26.0	20.0	21.2	14,385	31.12.85	
156	(197)	Freemans	314.0	34	149	362.6	317.8	14.1	28.0	22.0	27.3	26.3	5,219	25.01.86	
157	(263)	Turner & Newall	307.0	10	119	535.1	520.3	2.8	39.6	27.5	44.0	14.2	27,248	31.12.85	
158	(149)	Magnet & Southerns	303.2	2	181	247.6	219.9	12.6	26.0	28.2	−7.7	14.8	5,741	31.03.86	
159	(194)	Lex Service Group	301.0	9	75	1,041.3	1,169.9	−10.9	23.6	46.8	−49.5	10.8	8,476	29.12.85	
160	(163)	Ward White Group	296.0	34	154	341.0	244.6	39.4	26.0	14.3	81.8	22.4	11,204	31.01.86	
161	(170)	Steetley	293.0	10	135	408.7	420.6	−2.7	36.8	32.7	12.5	17.5	6,373	31.12.85	
162	(140)	*European Ferries*	292.7	45	137	403.5	309.4	30.4	48.4	44.4	9.0	12.7	8,498	31.12.85	
163	(162)	Delta Group	290.7	6	112	535.8	590.2	−5.7	50.6	45.7	10.7	21.5	16,350	*31.12.85	
164	(150)	Equity & Law Life Ass. Soc.	284.1	65	—	N/R	N/R	—	6.8	5.6	21.4	N/R	1,743	*31.12.85	
165	(256)	Grattan	283.7	34	173	266.0	219.1	21.4	16.0	9.6	66.7	23.3	3,227	31.01.86	
166	(157)	Carlton Communications	280.3	29	366	38.1	21.6	76.4	12.0	5.5	118.2	64.4	647	30.09.85	
167	(165)	Charter Consolidated	278.6	10	109	567.1	754.5	−24.7	28.8	16.5	74.5	8.6	16,465	31.03.86	
168	(244)	Johnson Matthey	274.4	8	55	1,364.8	1,519.9	−10.1	30.1	20.1	49.8	12.0	8,598	31.03.86	
169	(158)	Great Portland Estates	273.1	69	—	N/R	N/R	—	18.7	16.8	11.3	6.6	N/A	31.03.86	
170	(213)	Morgan Crucible	267.6	10	193	211.5	199.3	6.1	18.7	15.5	20.6	20.0	6,729	29.12.85	
171	(280)	London International Group	267.2	27	190	225.3	196.0	14.9	24.1	18.8	28.2	29.8	8,938	31.03.86	
172	(300)	Mowlem (John)	265.2	3	133	414.0	380.0	8.9	13.1	10.6	23.6	18.3	6,196	¶31.12.85	
173	(180)	Marley	262.0	2	113	551.4	557.8	−1.0	19.6	33.1	−40.7	12.0	11,589	31.12.85	
174	(183)	Transport Development Group	261.5	45	124	481.5	434.7	10.8	29.7	24.1	23.2	15.9	12,225	31.12.85	
175	(233)	First National Finance	260.4	70	—	N/R	N/R	—	22.1	17.6	25.6	25.5	911	31.10.85	
176	(214)	Barratt Developments	259.8	3	118	538.4	537.6	0.1	4.1	35.6	−88.4	7.8	4,340	*30.06.85	
177	(234)	Oxford Instruments Group	256.7	5	311	75.9	59.1	28.4	17.2	9.2	87.0	52.3	941	30.03.86	
178	(209)	Boothorpe Holdings	255.8	5	251	125.9	108.9	15.6	23.2	20.1	15.4	34.4	3,212	31.12.85	
179	(222)	VG Instruments	252.5	4	323	66.1	50.9	29.9	14.3	10.6	34.9	47.3	1,431	31.12.85	
180	(132)	Rentokil Group	249.6	12	230	148.3	151.4	−1.9	26.0	24.8	4.8	39.3	8,320	31.12.85	
181	(250)	Laing (John)	249.3	3	88	782.6	765.1	2.3	34.1	30.3	12.5	33.1	12,100	31.12.85	
182	(113)	Enterprise Oil	248.1	51	171	266.3	266.7	−0.0	111.1	138.5	−19.7	31.8	109	31.12.85	
183	(205)	British Land	244.9	69	—	N/R	N/R	—	21.1	11.8	78.8	9.1	1,353	31.03.86	
184	(220)	AE	244.4	9	143	383.1	398.4	−3.7	22.6	17.3	30.6	15.3	14,722	30.09.85	
185	(229)	Meyer International	243.9	2	111	565.4	548.8	3.0	32.1	30.3	5.9	16.8	8,731	31.03.86	
186	(219)	Octopus Publishing Group	243.0	32	240	138.3	92.1	50.2	20.4	13.5	51.1	46.9	1,675	*31.12.85	
187	(224)	Schroders	242.7	68	—	N/R	N/R	—	16.3	15.1	7.9	N/R	1,471	31.12.85	
188	(174)	Ocean Transport & Trading	240.3	45	91	766.9	779.8	−1.6	31.9	30.1	6.0	14.0	7,156	31.12.85	
189	(152)	Savoy Hotel	239.7	29	334	59.7	51.5	15.9	10.7	8.1	32.1	29.4	2,730	31.12.85	
190	(235)	Guinness Peat Group	239.0	68	—	N/R	N/R	—	17.6	10.5	67.6	20.7	1,019	30.09.85	
191	(202)	Rugby Portland Cement	238.9	2	180	252.2	200.0	26.1	21.8	27.8	−21.5	13.3	4,061	31.12.85	
192	(156)	Allied Colloids Group	237.8	42	258	119.8	102.1	17.3	19.5	19.3	1.0	33.2	1,652	29.03.86	
193	(251)	Associated British Ports	236.9	45	241	138.2	135.7	1.8	17.2	(7.0)	—	12.0	6,872	31.12.85	
194	(172)	Mercantile House Holdings	234.9	70	—	N/R	N/R	—	75.4	52.2	44.4	90.2	2,700	30.04.86	
195	(164)	Greenall Whitley & Company	234.0	22	153	344.3	269.3	27.8	30.7	28.3	8.5	11.4	15,984	*27.09.85	
196	(160)	Coalite Group	231.3	42	127	444.9	466.8	−4.6	39.4	33.5	17.6	26.3	6,022	31.03.86	
197	(155)	Caledonia Investments	230.4	70	—	N/R	N/R	—	8.4	6.6	27.3	2.9	279	31.03.86	
198	(178)	Babcock International	230.3	6	73	1,098.9	1,129.8	−2.6	34.5	31.6	9.2	12.1	26,585	29.12.85	
199	(175)	London & Manchester Group	229.0	65	—	N/R	N/R	—	6.6	5.8	13.8	N/R	3,979	*31.12.85	
200	(173)	Northern Engineering Inds.	223.9	6	85	890.3	883.1	0.8	40.5	40.1	1.0	15.6	28,886	31.12.85	

201—250

Ranking 1986	Ranking 1985	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Employees	Year end
201	(270)	Wilson (Connolly) Holdings	221.1	3	293	90.3	76.8	17.6	20.3	15.8	28.5	27.2	777	31.12.85
202	(166)	Bejam Group	221.0	26	139	402.3	338.7	18.8	19.7	19.2	2.6	42.6	6,858	28.06.86
203	(177)	Foseco Minsep	219.1	42	116	544.7	458.3	18.9	35.1	34.5	1.7	21.0	10,552	31.12.85
204	(226)	Laird Group	218.2	6	145	375.0	318.4	17.8	29.0	24.1	20.3	25.2	8,176	31.12.85
205	(218)	Britannia Arrow Holdings	213.6	70	—	N/R	N/R	—	19.7	14.1	39.7	16.3	1,290	31.12.85
206	(176)	Farnell Electronics	213.3	5	305	80.7	72.8	10.9	22.1	20.3	8.9	48.3	1,624	02.02.86
207	(196)	Pleasurama	211.1	29	223	160.1	108.5	47.6	37.5	25.3	48.2	47.5	5,481	29.12.85
208	(296)	Daily Mail & General Trust	208.2	70	—	N/R	N/R	—	24.7	14.6	69.2	20.1	12	30.09.85
209	(206)	Fitch Lovell	207.7	26	126	461.2	463.2	−0.3	19.7	16.3	20.9	26.9	7,029	26.04.86
210	(189)	Refuge Group	203.2	65	—	N/R	N/R	—	7.4	6.3	17.5	N/R	3,604	31.12.85
211	(193)	Scapa Group	201.6	35	212	186.9	168.2	11.1	29.2	27.4	6.6	23.4	5,965	¶31.03.86
212	(230)	Dunhill Holdings	200.8	39	246	129.5	117.2	10.5	20.1	15.1	33.1	25.3	1,660	31.03.86
213	(298)	APV Holdings	197.0	6	134	409.1	412.3	−0.7	15.0	7.5	100.0	11.9	9,131	31.12.85
214	(258)	Greycoat Group	196.6	69	—	N/R	N/R	—	4.6	4.0	15.0	5.1	53	*31.03.86
215	(—)	Tozer, Kemsley & Millbourn	195.1	9	132	419.7	415.1	1.1	4.4	5.2	−15.3	12.6	3,266	31.12.85
216	(179)	Amersham International	194.0	27	259	119.8	108.2	10.7	17.6	17.1	2.9	26.5	2,742	31.03.86
217	(264)	Stockley	192.6	69	—	N/R	N/R	—	3.8	0.1	3,700.0	14.5	10	*30.11.85
218	(228)	MAI	191.8	70	—	N/R	N/R	—	40.0	27.4	46.0	68.4	3,083	*30.06.86
219	(240)	Morrison Wm Supermarkets	190.2	26	147	368.0	336.2	9.5	15.7	11.7	34.2	31.7	7,086	01.02.86
220	(367)	Matthews (Bernard)	189.8	25	260	119.8	97.6	22.7	12.9	5.1	152.9	38.9	2,408	29.12.85
221	(221)	Minet Holdings	189.0	67	—	N/R	N/R	—	30.0	23.3	28.8	54.4	2,821	31.12.85
222	(185)	Mount Charlotte Investments	188.5	29	333	60.3	43.7	28.0	16.1	10.0	61.0	16.1	3,460	29.12.85
223	(275)	Wates City of London Props	187.8	69	—	N/R	N/R	—	4.0	1.5	166.7	6.2	17	31.12.85
224	(184)	Powell Duffryn	187.4	11	100	637.6	554.0	15.1	22.1	20.6	7.3	15.7	9,122	31.03.86
225	(201)	Tootal Group	187.0	35	141	388.0	435.4	−10.8	27.4	22.9	19.7	17.2	13,302	31.01.86
226	(211)	Telephone Rentals	187.0	44	313	75.5	67.6	11.7	15.7	14.7	6.8	28.9	2,342	31.12.85
227	(212)	FR Group	186.4	6	296	87.9	64.4	36.5	13.3	10.5	26.7	26.5	2,506	31.12.85
228	(190)	London & Scottish Marine Oil	186.0	51	152	348.0	275.5	26.3	118.0	113.1	4.3	25.9	320	¶31.12.85
229	(153)	Avana Group	184.0	25	201	202.5	193.6	4.6	19.6	18.9	3.7	28.5	4,802	29.03.86
230	(259)	Portals Holdings	183.6	11	187	239.9	201.7	18.9	22.0	17.5	25.7	18.6	4,148	31.12.85
231	(375)	Soter	183.0	4	267	110.0	47.3	132.6	9.5	4.1	131.7	38.2	2,835	31.12.85
232	(204)	Croder International	182.7	42	136	407.2	383.5	6.2	22.9	20.0	14.5	20.9	5,750	29.12.85
233	(231)	Stewart Wrightson Holdings	182.2	67	—	N/R	N/R	—	18.7	13.8	35.5	28.0	2,631	31.12.85
234	(266)	M & G Group	182.1	70	—	N/R	N/R	—	10.1	7.1	42.3	31.1	344	30.09.85
235	(192)	Britannic Assurance	181.4	65	—	N/R	N/R	—	6.6	5.5	20.0	N/R	4,448	*31.12.85
236	(154)	*Polly Peck International*	179.2	91	196	205.5	137.2	49.8	61.1	50.6	20.8	60.6	2,398	31.08.85
237	(255)	Hazlewoods Foods	178.8	25	252	123.1	68.1	80.8	11.1	6.1	82.0	32.8	3,071	31.03.86
238	(313)	Henderson Administration Grp	178.4	70	—	N/R	N/R	—	17.2	12.5	37.6	92.9	221	31.03.86
239	(257)	Wolverhampton & Dudley Brews	177.0	22	277	103.5	94.1	10.0	15.4	13.5	14.1	23.8	5,843	30.09.85
240	(292)	BSR International	174.9	5	178	261.8	402.7	−34.9	(5.9)	26.8	—	0.5	10,237	31.12.85
241	(200)	Laing Properties	174.3	69	—	N/R	N/R	—	15.5	13.2	17.4	7.2	547	31.12.85
242	(253)	Electronic Rentals Group	170.9	29	179	254.2	197.2	28.9	16.5	15.2	8.6	19.0	7,029	31.03.86
243	(168)	Heath C. E.	168.3	67	—	N/R	N/R	—	30.4	30.1	1.0	37.1	1,866	31.03.86
244	(237)	Superdrug Stores	168.2	34	221	164.3	131.6	24.8	10.4	8.7	19.5	33.6	3,930	01.03.86
245	(278)	U.E.I.	167.5	5	288	95.4	83.5	14.3	13.1	10.4	26.0	28.8	1,950	31.01.86
246	(225)	Simon Engineering	166.4	6	117	539.4	503.1	7.2	26.1	24.2	7.9	19.9	11,411	¶31.12.85
247	(187)	Amec	163.6	3	93	751.0	686.7	9.4	25.5	27.1	−5.8	24.7	18,120	31.12.85
248	(210)	Menzies John (Holdings)	161.7	34	115	546.9	505.3	8.2	19.5	17.1	14.0	40.8	8,999	01.02.86
249	(395)	London & Edinburgh Trust	159.6	69	—	N/R	N/R	—	9.2	5.1	80.4	26.6	27	31.12.85
250	(285)	Provident Financial Group	159.2	70	—	N/R	N/R	—	23.7	19.4	22.2	18.2	5,209	31.12.85

251—270

Ranking 1986	Ranking 1985	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Employees	Year end
251	(245)	Extel Group	159.1	12	207	194.1	182.5	6.4	14.7	10.9	34.9	40.0	3,365	31.03.86
252	(223)	Stakis	158.9	29	234	143.0	133.1	7.4	13.3	10.2	30.4	15.8	5,380	29.09.85
253	(248)	Vaux Group	157.2	22	233	144.7	126.8	14.1	14.7	13.0	13.1	13.6	6,163	28.09.85
254	(316)	McKechnie Brothers	153.7	8	192	221.7	202.8	9.3	16.4	14.5	13.1	15.7	5,911	31.07.85
255	(277)	Brammer	150.6	6	281	101.1	86.5	16.9	13.6	10.2	33.3	37.6	1,737	31.12.85
256	(293)	McAlpine Alfred	144.8	3	140	393.1	340.1	15.6	23.0	22.7	1.3	22.5	7,874	31.10.85
257	(301)	Wedgwood	143.3	39	227	152.1	146.4	3.9	19.5	15.1	29.1	25.0	7,587	29.03.86
258	(291)	Diploma	140.4	5	292	92.3	89.2	3.5	15.5	16.3	−4.8	37.0	1,171	30.09.85
259	(290)	Automated Security (Holdings)	140.0	12	370	37.6	28.9	30.1	8.7	6.3	38.1	22.7	1,541	30.11.85
260	(396)	Low and Bonar Group	138.6	11	217	174.8	197.7	−11.5	13.3	11.5	15.7	18.5	5,857	30.11.85
261	(289)	(MK) Electric Group	136.2	4	247	128.5	127.1	1.1	17.7	18.1	−2.1	23.2	5,166	29.03.86
262	(311)	*Fitzwick Johnson*	135.3	2	262	*116.5*	110.3	5.6	11.4	12.4	−8.0	16.2	2,471	31.12.85
263	(268)	Bradford Property Trust	135.1	69	—	N/R	N/R	—	11.9	10.5	13.3	30.5	87	05.04.86
264	(260)	Brixton Estate	134.8	69	—	N/R	N/R	—	9.7	9.0	7.8	6.7	106	31.12.85
265	(232)	Atlantic Computers	134.6	5	235	183.1	96.1	90.5	17.1	10.5	62.9	48.4	491	31.12.85
266	(247)	Collins (William) and Sons	132.2	32	255	121.9	123.6	−1.8	13.1	11.8	11.0	25.5	2,850	29.12.85
267	(249)	Spirax-Sarco Engineering	132.1	6	297	85.8	77.0	11.4	16.2	13.4	20.9	25.4	2,738	‡31.12.85
268	(186)	London Merchant Securities	131.9	69	—	N/R	N/R	—	17.2	16.5	4.2	7.5	76	31.03.86
269	(272)	Systems Designers Intl	130.0	12	341	55.0	42.8	28.5	7.3	4.6	58.7	54.5	1,365	*31.12.85
270	(442)	RHP Group	129.7	6	248	128.3	105.7	21.4	11.1	6.2	79.0	19.3	6,795	*04.10.85

FOOTNOTES TO COMPANIES LISTED

‡=ROCE calculated on capital employed at year-end. †=ROCE calculated on shareholders' funds. §=Employees at year-end. ¶=Previous year's figures adjusted for accounting changes. *=See footnotes.

3 Shell Transport & Trading, see Royal Dutch/Shell entry in European table. 6 BAT Industries, turnover includes Financial Services but excludes UK VAT and share of associates. 12 Barclays, employees=year-end total. 21 Bass, previous year's figures for 53 weeks. 29 Wellcome, full S/E listing 2/86. 32 ASDA/MFI Group, figures prepared in accordance with merger accounting principles. ROCE calculated assuming merger between Associated Dairies and MFI Group effective at beginning of year. 33 Reuters, figures prepared in accordance with merger accounting principles. ROCE calculated assuming merger with Rich Inc. effective at beginning of year. 40 Coats Viyella, formerly Vantona Viyella. Figures prepared in accordance with merger accounting principles. ROCE calculated assuming merger with Nottingham Manufacturing effective at beginning of year. Previous year's figures for 53 weeks. 45 Storehouse, co. formed through merger between Habitat Mothercare and British Home Stores, 1/86. Employees=full time equivalents yearly average. 49 P & O Steam Navigation, figures prepared in accordance with merger accounting principles. ROCE calculated assuming merger with Sterling Guarantee Trust effective at beginning of year. 52 Woolworth Holdings, previous year's profit includes exceptional items of £49.0m. 55 Reckitt & Colman, this year's figures for 53 weeks. 72 Hammerson Property Investment and Development Corporation. 82 STC, this year's loss is after exceptional charges relating to plant reorganisations and redundancies. 95 Smiths Industries, previous year's figures for 53 weeks. 115 Pearl Assurance, profit=net result for year. 116 Mercury International, formerly Mercury Securities. Profit is net of tax. 126 Booker, formerly Booker McConnell. 131 Harris Queensway, this year's figures for 13-month period to 26/1/86. ROCE is annualised figure. 134 Laura Ashley, full S/E listing 11/85. 140 Kwik-Save Group, this year's figures for 53 weeks. Turnover excludes VAT. 142 Hill Samuel, profit is net of tax. 147 Next, formerly J. Hepworth & Sons. 148 Siebe, previous year's figures for 53 weeks. 164 Equity & Law Life, profit is after transfers to and from revenue account and is net of tax. 176 Barratt Developments, this year's profit is after £4.0m rationalisation costs. 186 Octopus Publishing Group, figures prepared in accordance with merger accounting principles. 195 Greenall Whitley, turnover includes excise duty but excludes VAT. 199 London & Manchester Group, profit is net of tax. 214 Greycoat Group, previous year's figures for 53 weeks. 217 Stockley, previous year's figures for period 7/11/83 to 30/11/84. MAI, formerly Mills & Allen International. 235 Britannic Assurance, profit is after transfers to and from revenue accounts and is net of tax. 269 Systems Designers International, figures prepared in accordance with merger accounting principles. ROCE calculated assuming merger with Warrington Associates effective at beginning of year. 270 RHP Group, this year's minority interest and transfer to reserves. 274 Hardie & Peacock, this year's figures for 53 weeks. 282 Guthrie Corporation, full S/E listing 6/86. 285 EMAP, this year's figures for 53 weeks. 288 Henry Ansbacher, this year's figures for 9 months period to 31/12/85. 331 Gray Electronics Holdings, figures prepared in accordance with merger accounting principles. ROCE calculated assumed merger with Malvern Group

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Ranking 1986	1985	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
271	(274)	Gerrard and National	128.5	70	—	N/R	N/R	—	10.1	5.2	94.2	[illegible]	170	[illegible]
272	(429)	Crest Nicholson	127.7	11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
273	(287)	McCarthy and Stone	127.5	3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
274	(246)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
275	(288)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
276	(379)	Boddington's Breweries	126.8	22	314	72.9	51.6	41.3	11.7	9.5	23.2	15.5	3,129	31.12.85
277	(306)	Queens Moat Houses	126.6	29	315	72.1	59.3	21.6	10.5	6.6	59.1	12.9	5,147	31.12.85
278	(337)	First Leisure Corporation	125.9	29	358	47.5	41.4	14.7	10.1	6.8	448.5	22.4	2,689	31.10.85
279	(328)	Combined English Stores	124.0	34	235	142.8	121.9	17.1	12.4	9.2	34.8	40.6	3,954	25.12.85
280	(361)	Baker Perkins	123.2	6	177	261.9	247.3	5.9	16.3	13.0	25.44	25.2	5,724	31.03.86
281	(350)	Daejan Holdings	123.0	69	—	N/R	N/R	—	15.0	13.5	12.8	15.8	175	31.03.86
282	(—)	Guthrie Corporation	123.0	11	156	332.1	359.5	−7.5	14.1	11.4	23.7	13.3	6,013	*31.12.85
283	(360)	Tomkins F. H.	121.9	6	328	63.4	35.8	77.1	7.44	3.5	111.4	44.7	1,404	03.05.86
284	(353)	AAH Holdings	121.6	11	78	976.9	521.1	87.5	18.3	11.2	63.4	21.3	6,892	31.03.86
285	(324)	EMAP	120.8	32	279	101.4	95.6	6.1	10.2	7.7	32.5	35.6	2,672	*05.04.86
286	(—)	Williams Holdings	120.2	10	282	100.9	78.4	28.7	6.3	4.1	53.7	15.9‡	2,756	31.12.85
287	(279)	Hogg Robinson Group	119.3	67	—	N/R	N/R	—	17.4	14.2	22.5	37.1	4,758	31.03.86
288	(—)	Ansbacher, Henry	117.1	68	—	N/R	N/R	—	2.7	(13.1)	—	N/R	343	*31.12.85
289	(407)	Lovell Y. J. (Holdings)	116.3	3	188	238.5	209.1	14.1	9.0	6.4	40.6	26.6	3,034	30.09.85
290	(298)	Brown (Matthew)	114.3	22	346	53.6	44.3	21.0	8.2	7.0	17.1	12.0	1,933	28.09.85
291	(284)	Sturge Holdings	113.7	70	—	N/R	N/R	—	7.4	4.9	51.0	83.7	448	30.09.85
292	(297)	Bilton (Percy)	112.4	69	—	N/R	N/R	—	10.7	10.2	4.9	10.5	392	31.12.85
293	(318)	Evered Holdings	111.8	6	285	996	63.4	57.1	7.9	3.4	132.4	27.6	2,991	31.12.85
294	(459)	Myson Group	110.0	6	336	58.7	55.3	6.1	5.8	5.2	11.5	44.4	1,780	31.12.85
295	(—)	Crowther, John Group	109.9	35	368	38.0	10.9	248.6	1.8	0.5	260.0	7.1‡	1,456	31.12.85
296	(254)	Hall (Matthew)	109.6	6	129	432.7	382.8	13.0	16.1	14.2	13.4	25.8	8,108	31.12.85
297	(296)	Property Hldg. and Inv. Tst.	108.7	69	—	N/R	N/R	—	5.9	5.8	1.7	5.4	16	31.03.86
298	(392)	Fine Art Developments	108.2	34	237	141.1	134.8	4.7	10.1	7.2	40.3	20.8	3,794	31.03.86
299	(312)	Lep Group	108.1	45	272	107.1	97.3	10.1	9.1	7.5	21.3	23.5	5,808	31.12.85
300	(345)	British Car Auctions	107.1	9	335	59.0	44.8	31.7	10.1	9.0	12.2	22.5	3,984	02.08.85

301—350

Ranking 1986	1985	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
301	(426)	Spring Ram Corporation	107.1	39	389	27.4	19.4	41.2	4.4	3.0	46.7	44.7	446	28.12.85
302	(309)	Paterson Zochonis	106.3	27	167	276.6	262.6	5.3	38.6	31.0	24.5	20.7	3,693	31.05.85
303	(384)	Asprey & Company	106.0	34	350	51.8	29.2	77.4	10.3	7.6	35.5	27.9	304	31.03.86
304	(273)	Davy Corporation	105.7	6	108	594.2	580.9	2.3	16.3	13.0	25.4	15.2	7,934	31.03.86
305	(—)	Peel Holdings	105.7	69	—	N/R	N/R	—	5.4	3.3	63.6	12.2	100	31.03.86
306	(294)	Hillards	105.6	26	174	265.9	243.2	9.3	8.5	7.7	10.4	28.0	6,547	03.05.86
307	(321)	Sketchley	105.1	12	226	153.1	157.1	−2.4	11.6	10.0	16.0	17.4	9,988	28.03.86
308	(282)	Renishaw	101.9	10	395	15.5	10.5	47.6	5.6	3.7	51.4	63.9	371	30.06.85
309	(315)	Bullough	101.7	6	274	105.4	88.6	19.0	12.4	10.1	22.8	36.1	3,039	31.10.85
310	(383)	Bryant Holdings	101.6	3	257	120.5	119.4	0.9	11.7	11.3	3.5	17.6	871	31.05.85
311	(401)	Cray Electronic Holdings	101.6	5	360	43.3	35.6	21.6	6.3	4.2	50.0	36.9	1,559	*03.05.86
312	(314)	McCorquodale	99.9	32	238	140.9	111.4	26.5	10.2	7.8	30.8	21.1	4,752	30.09.85
313	(281)	Highland Distillers	99.6	22	280	101.3	92.2	9.9	9.5	8.3	14.5	18.5	263	31.08.85
314	(359)	Halma	99.2	6	380	31.2	24.9	25.3	5.3	3.9	35.9	54.2	982	29.03.86
315	(227)	Security Services	99.0	12	169	270.7	247.6	9.3	10.8	10.1	6.9	21.8	32,119	30.09.85
316	(374)	Staveley Industries	97.4	10	216	175.9	185.6	−5.1	10.8	8.3	30.1	17.6	4,491	29.03.86
317	(332)	Baird (William)	96.9	35	183	244.0	213.8	14.1	14.6	11.9	22.7	16.0	12,263	31.12.85
318	(—)	Mountleigh Group	96.5	69	—	N/R	N/R	—	9.2	2.5	268.0	22.7	64	30.04.86
319	(424)	FKI Electricals	96.4	4	377	32.0	18.5	73.0	5.7	3.5	62.9	71.3	1,277	31.03.86
320	(302)	Chesterfield Properties	96.1	69	—	N/R	N/R	—	7.5	6.4	17.2	5.3	143	31.12.85
321	(307)	Scottish Metropolitan Prop	96.0	69	—	N/R	N/R	—	6.7	6.8	−1.4	6.7	24	15.08.85
322	(265)	Unitech	95.8	5	204	198.3	204.7	−3.0	10.7	15.0	−28.6	22.0	3,213	31.05.85
323	(356)	Marston Thompson Evershed	95.5	22	318	69.6	66.5	4.7	9.9	8.4	17.9	13.2	1,310	31.03.86
324	(330)	Peachey Property Corporation	95.3	69	—	N/R	N/R	—	10.2	10.3	−0.9	13.3	44	24.06.86
325	(357)	Birmid Qualcast	94.6	6	200	202.7	207.4	−2.2	10.1	11.3	−10.5	18.3	7,070	02.11.85
326	(467)	Fisher Albert	94.5	26	299	84.9	44.4	91.2	3.8	1.1	245.5	53.8	781	*31.08.85
327	(358)	Logica	94.1	5	308	79.7	60.1	32.6	6.8	5.0	36.0	28.7	‡2,348	†30.06.86
328	(261)	Cambridge Electronic Inds.	93.0	5	242	135.7	129.3	4.9	10.3	12.0	−14.1	18.8	5,411	31.12.85
329	(389)	Waddington John	93.0	33	286	98.2	77.6	26.5	6.4	5.7	12.3	25.8	3,064	29.03.86
330	(299)	LCP Holdings	92.8	11	214	183.6	172.7	6.3	9.1	7.5	21.3	15.0	2,047	*31.03.86
331	(310)	AGB Research	92.6	12	266	110.3	103.8	6.3	7.9	9.2	−14.0	26.6	3,584	30.04.86
332	(—)	Blue Arrow	90.9	12	373	34.1	16.8	103.0	2.2	0.4	450.0	‡28.8	4,611	*31.10.85
333	(388)	British Vita	90.6	42	213	186.1	134.0	38.9	12.2	10.4	17.3	19.5	7,555	31.12.85
334	(—)	International City Holdings	90.2	70	—	N/R	N/R	—	11.4	6.8	67.6	‡126.9	466	*31.07.85
335	(—)	Abaco Investments	89.8	70	—	N/R	N/R	—	1.3	0.7	85.7	12.2	125	30.06.85
336	(—)	Arlington Securities	89.6	69	—	N/R	N/R	—	3.0	2.4	25.0	26.4	22	*31.12.85
337	(271)	Securicor Group	89.0	12	158	310.9	284.1	9.4	14.3	12.8	11.7	22.1	32,834	30.09.85
338	(331)	Bridon	88.8	6	194	208.7	187.8	11.1	16.7	14.5	15.2	15.3	4,553	31.12.85
339	(304)	Union Discount (London)	88.5	70	—	N/R	N/R	—	1.1	7.9	−86.0	N/R	N/A	*31.12.85
340	(340)	Greene, King & Sons	88.3	22	294	90.2	80.2	12.5	11.3	9.7	16.5	11.4	1,597	*04.05.86
341	(346)	Christies International	87.2	12	326	64.1	63.5	0.9	12.3	16.2	−24.0	28.4	1,184	†31.12.85
342	(336)	Gestetner Holdings	86.6	44	142	387.8	366.7	5.8	11.6	8.2	41.5	9.0	11,246	02.11.85
343	(—)	Triton Europe	85.8	51	372	34.8	15.7	121.7	13.5	8.9	51.7	41.0	70	*31.05.86
344	(338)	Dobson Park Industries	84.7	6	197	204.0	191.2	6.7	8.7	7.1	22.5	10.2	5,923	28.09.85
345	(334)	Newarthill	84.6	3	168	274.4	240.6	14.0	16.5	16.4	0.6	8.6	4,335	31.10.85
346	(300)	Hickson International	84.3	42	231	148.0	133.7	10.7	13.1	15.0	−12.6	19.2	3,004	31.12.85
347	(376)	Samuel Properties	84.1	69	—	N/R	N/R	—	3.5	3.1	12.9	6.5	43	30.06.85
348	(329)	Bulmer H.P. Holdings	83.0	22	219	170.7	155.2	10.0	11.8	7.5	57.3	20.9	1,796	25.04.86
349	(355)	Warner Estate Holdings	83.0	69	—	N/R	N/R	—	3.5	3.1	12.9	5.4	167	30.09.85
350	(—)	Smith, David S.	82.4	33	365	38.4	8.3	362.7	6.2	1.0	520.0	‡38.9	637	30.04.86

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Ranking 1986	1985	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
351	(351)	Brown Shipley Holdings	82.4	68	—	N/R	N/R	—	3.1	3.4	−8.7	N/R	733	*31.03.86
352	(343)	Property Security Inv Trust	82.3	69	—	N/R	N/R	—	5.4	4.7	14.9	8.5	37	31.03.86
353	(—)	Lee International	81.7	25	367	38.1	23.4	62.8	6.9	5.0	38.0	‡17.4	847	*31.05.86
354	(416)	Empire Stores, Bradford	81.1	34	222	162.8	156.5	4.0	5.8	3.1	87.1	12.1	3,115	25.01.86
355	(322)	Black (Peter) Holdings	81.0	39	273	106.9	83.3	28.3	6.3	4.9	28.6	21.8	2,592	03.05.86
356	(434)	Martonair International	80.5	6	342	54.6	48.0	19.8	6.5	5.3	22.6	22.0	2,110	31.07.85
357	(317)	Steel Brothers Holdings	80.4	11	249	127.0	135.7	−6.3	11.8	14.9	−20.7	12.4	2,597	31.12.85
358	(323)	Eurotherm International	80.0	5	304	81.0	62.3	30.0	9.0	7.2	25.0	30.6	1,941	31.10.85
359	(—)	Cap Group	79.8	5	352	50.6	36.5	38.6	2.7	2.1	28.6	47.6	1,579	*30.04.86
360	(387)	DPCE Holdings	79.8	5	386	25.0	13.5	85.2	4.2	2.9	44.8	33.8	455	30.06.86
361	(335)	Hat Group	79.5	3	186	240.2	231.6	3.7	11.1	11.5	−3.4	14.3	18,907	28.02.86
362	(415)	Central Independent TV	79.2	29	220	165.0	152.0	8.6	11.9	10.0	19.0	29.6	1,930	31.12.85
363	(—)	St Ives Group	78.6	32	394	18.3	15.4	18.8	2.3	1.8	27.8	45.9	387	*31.07.85
364	(—)	B.S.G. International	78.5	9	151	356.0	301.5	18.1	6.5	4.2	54.8	23.1	4,577	31.12.85
365	(369)	AB Electronic Products	77.8	5	254	122.1	69.7	75.2	4.0	5.6	−28.5	15.1	3,480	30.06.85
366	(413)	Valor	77.3	39	256	120.7	86.4	39.7	8.1	5.7	42.1	31.2	4,114	31.03.86
367	(364)	United Real Property Trust	76.8	69	—	N/R	N/R	—	5.1	4.8	6.3	6.0	4	*05.04.85
368	(241)	Finlay (James)	76.6	91	208	194.1	236.3	−17.8	8.3	37.9	−78.0	7.3	31,406	31.12.85
369	(—)	Lowe Howard-Spink & Bell	75.9	12	338	58.0	52.0	11.5	3.2	2.4	33.3	‡25.1	154	31.12.85
370	(363)	United Friendly Insurance	75.5	66	—	N/R	N/R	—	9.6	6.8	41.2	N/R	5,632	31.12.85
371	(499)	Attwoods	75.3	2	376	33.2	10.3	222.3	5.0	1.7	194.1	68.6	677	31.07.85
372	(372)	Sirdar	75.2	35	364	38.7	36.5	6.0	10.3	9.5	8.4	32.7	1,176	30.06.86
373	(354)	London Shop Property Trust	75.1	69	—	N/R	N/R	—	7.3	6.5	12.3	8.9	111	30.04.86
374	(303)	Iceland Frozen Food Hldgs.	74.3	26	309	82.3	65.2	26.2	3.8	3.0	26.7	33.2	1,316	21.12.85
375	(327)	Memec	73.9	5	355	49.5	34.4	43.9	6.3	4.5	40.0	76.5	355	31.12.85
376	(385)	Microgen Holdings	73.8	5	388	23.1	19.8	16.7	5.1	3.3	54.5	124.4	424	*31.10.85
377	(445)	Land Investors	73.1	69	—	N/R	N/R	—	3.3	3.1	6.5	5.9	14	*31.03.85
378	(308)	London & Northern Group	72.9	3	176	264.0	244.8	7.8	12.5	18.4	−32.0	15.8	5,326	31.12.85
379	(393)	Aitken Hume International	72.9	70	—	N/R	N/R	—	(2.5)	6.8	—	11.8	262	*31.03.86
380	(455)	Bestobel	72.8	6	236	141.5	150.1	−5.6	5.1	0.5	920.0	10.9	4,333	31.12.85
381	(404)	Adwest Group	72.8	6	291	93.8	77.3	21.3	10.1	8.7	16.1	18.6	3,715	30.06.86
382	(—)	Regalian Properties	72.2	69	—	N/R	N/R	—	3.7	2.2	68.2	48.3	30	31.03.86
383	(419)	Travis & Arnold	71.9	2	229	150.1	128.4	16.9	8.2	9.6	−14.5	15.0	2,403	31.12.85
384	(371)	Mansfield Brewery	71.8	22	290	94.2	72.4	30.1	7.0	7.8	−10.2	17.4	3,023	28.03.86
385	(—)	Speyhawk	71.3	69	—	N/R	N/R	—	3.4	3.8	−10.4	32.6	212	30.09.85
386	(—)	Kwik-Fit (Tyres & Ex) Hldgs	71.0	9	300	83.8	61.2	36.9	6.6	4.2	57.1	20.8	1,649	28.02.86
387	(462)	Bentalls	70.7	34	330	62.7	61.4	2.1	3.3	3.0	10.0	15.2	1,805	01.02.86
388	(262)	United Scientific Holdings	70.1	6	264	116.0	120.0	−3.2	10.1	12.1	−16.4	17.8	3,304	30.09.85
389	(485)	Comcap	70.1	5	345	53.7	34.5	55.7	5.2	3.4	52.9	22.8	100	*31.12.85
390	(431)	Allied Textile	69.6	35	343	54.6	51.3	6.4	6.4	5.4	18.5	20.6	1,696	*31.12.85
391	(305)	Low (William)	69.2	26	195	206.9	154.2	34.2	6.3	5.1	23.5	28.5	6,174	*07.09.85
392	(—)	Devenish J. A.	69.0	22	3875	24.5	23.4	4.7	1.9	2.1	−9.4	5.1	660	27.09.85
393	(—)	Microfilm Reprographics	68.4	12	400	3.8	2.2	72.7	0.6	0.2	200.0	‡52.7	132	*30.06.85
394	(491)	Hambro Countrywide	68.3	12	393	19.0	15.6	21.8	4.3	2.2	95.5	53.5	932	*31.05.86
395	(382)	Frogmore Estates	67.7	69	—	N/R	N/R	—	10.2	9.1	12.1	15.5	64	30.06.85
396	(433)	Ferguson Industrial Holdings	70.1	11	228	150.6	141.5	6.4	7.5	6.5	15.4	22.6	4,039	28.02.86
397	(365)	Brown Boveri Kent Holdings	67.7	5	261	118.6	117.5	0.9	8.8	7.6	15.8	15.0	4,327	31.12.85
398	(468)	Hewden-Stuart Plant	67.7	3	270	108.2	103.8	4.2	7.2	6.4	12.5	18.3	2,476	02.02.86
399	(—)	Television South	67.6	29	265	111.4	99.4	12.1	8.9	8.1	9.9	33.4	962	31.10.85
400	(412)	Marshall's Halifax	67.3	2	319	69.3	61.0	13.6	7.2	6.0	20.0	18.0	1,695	31.03.86

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Ranking 1986	1985	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
401	(—)	Newman Tonks Group	67.1	2	309	78.6	71.8	9.5	6.5	5.7	14.0	29.1	3,112	31.10.85
402	(—)	Aurora	66.8	6	271	107.6	104.8	2.7	9.1	6.6	37.9	24.0	2,681	31.12.85
403	(—)	Berkeley Group	66.6	3	378	31.8	18.9	68.3	3.8	2.2	72.7	32.1	154	30.04.86
404	(457)	NSS Newsagents	66.1	34	218	173.0	153.5	12.7	4.5	5.8	−22.3	30.9	5,284	29.09.85
405	(286)	Westpool Investment Trust	65.9	70	—	N/R	N/R	—	2.8	2.5	12.00	2.5	5	30.04.86
406	(—)	Armstrong Equipment	65.7	9	250	126.9	102.5	23.8	7.9	4.5	75.6	22.3	4,016	29.06.86
407	(399)	Dewhurst I.J. Holdings	65.5	35	339	57.6	43.0	34.0	5.3	4.0	32.5	32.5	3,720	17.01.86
408	(411)	Cater Allen Holdings	65.0	70	—	N/R	N/R	—	4.5	3.7	21.6	N/R	123	*30.04.86
409	(386)	Westland	64.8	6	161	308.4	296.3	4.1	(95.3)	2.8	—	N/A	11,613	30.09.85
410	(428)	Higgs & Hill	64.5	3	209	192.5	189.7	1.5	8.6	7.2	19.4	20.1	1,897	31.12.85
411	(—)	Coloroll	63.7	39	331	60.8	37.4	62.6	6.2	3.8	63.2	‡26.4	1,054	31.03.86
412	(—)	Ratners (Jewellers)	63.7	34	359	44.8	32.3	38.7	4.3	2.1	104.8	30.7	1,286	06.04.86
413	(398)	Johnson Group Cleaners	63.4	12	295	89.6	70.3	27.5	7.8	6.7	16.4	15.7	6,394	28.12.85
414	(394)	Brent Chemicals Int'l	63.2	42	347	53.3	51.5	3.5	5.9	4.8	22.9	43.2	791	31.12.85
415	(452)	Hargreaves Group	63.1	11	162	306.1	397.8	−23.0	9.0	7.1	26.8	21.9	1,846	31.03.86
416	(352)	Mitchell Cotts Group	62.8	11	155	340.0	349.3	−2.6	12.1	10.9	11.0	20.1	7,820	30.06.85
417	(—)	Meggitt Holdings	62.1	6	382	28.1	20.9	34.4	2.1	1.0	110.0	46.5	984	31.10.85
418	(420)	LWT (Holdings)	62.0	29	224	159.5	163.1	−2.1	8.3	10.5	−20.9	18.4	2,525	28.07.85
419	(—)	Heywood Williams	61.9	2	278	102.1	95.2	7.2	5.5	3.6	52.8	30.4	2,323	*31.12.85
420	(276)	Premier Consolid Oilfields	61.7	51	397	10.5	9.9	6.1	4.4	4.5	−2.1	7.8	102	31.03.86
421	(—)	Hestair	61.3	11	269	109.6	116.0	−5.4	3.5	1.4	150.0	21.4	3,063	31.01.86
422	(406)	Dubilier	61.1	5	361	42.1	44.9	−6.1	6.6	5.3	24.5	28.9	1,229	†29.09.85
423	(—)	PWS International	60.5	67	—	N/R	N/R	—	1.7	1.8	−5.5	41.2	543	31.03.86
424	(390)	Property & Reversionary Invs.	60.3	69	—	N/R	N/R	—	2.6	2.6	0.0	4.1	15	31.03.86
425	(397)	Lilley F.J.C.	60.1	3	150	357.4	301.3	18.6	9.5	7.5	26.7	12.1	6,551	31.01.86
426	(342)	International Leisure Group	59.9	29	165	295.0	240.7	22.6	23.5	24.8	−5.1	25.4	2,098	31.03.86
427	(458)	Chloride Group	59.8	4	160	309.7	412.0	−24.7	0.5	14.9	−96.5	4.0	10,839	†31.03.86
428	(207)	Case Group	59.6	5	289	95.4	95.1	0.3	(14.7)	10.5	—	N/A	1,896	31.3.86
429	(—)	Crown House	59.5	6	2002	202.3	166.5	21.5	7.2	6.2	16.1	24.8	6,266	31.03.86
430	(373)	Howden Group	59.4	6	191	224.1	185.0	21.1	11.7	11.4	2.6	17.9	4,110	30.04.86
431	(432)	London United Investments	59.3	66	—	N/R	N/R	—	9.4	6.2	51.6	N/R	114	31.12.85
432	(—)	Hartwells Group	58.5	9	172	266.1	218.3	21.9	5.7	5.0	14.0	14.1	1,999	28.02.86
433	(378)	Whatman Reeve Angel	58.2	33	379	31.6	33.5	−5.6	5.6	4.6	21.7	26.8	684	31.12.85
434	(—)	Pentos	57.8	34	351	51.2	51.5	−0.5	3.0	1.8	66.7	34.8	1,503	31.12.85
435	(—)	BTP	57.8	42	354	49.6	38.7	28.2	4.3	4.0	7.5	23.6	731	*31.03.86
436	(—)	Thermal Scientific	57.5	5	392	20.0	7.7	159.7	3.2	1.00	220.0	‡27.3	501	31.03.86
437	(403)	Associated Book Publishers	57.4	32	310	76.0	67.0	13.4	7.8	8.1	−3.6	33.1	1,354	†31.12.85
438	(—)	Crystalate Holdings	57.2	5	329	63.0	51.0	23.5	4.8	5.7	−15.7	14.6	2,975	30.09.85
439	(408)	Horne Robert	56.8	33	253	123.0	104.9	17.3	8.6	6.5	32.3	42.0	687	30.09.85
440	(—)	Ransomes, Sims & Jefferies	56.6	6	325	64.5	55.5	16.2	7.1	5.3	34.0	22.6	1,490	28.12.85
441	(—)	Body Shop International	56.0	34	399	9.4	4.9	91.8	1.9	1.0	90.0	105.8	146	30.09.85
442	(422)	Mucklow A.J. Group	55.8	69	—	N/R	N/R	—	5.4	5.1	5.9	9.4	31	30.06.86
443	(—)	Nu-Swift Industries	55.0	10	375	33.3	30.6	8.8	6.3	4.5	40.0	113.1	850	31.12.85
444	(349)	Stead & Simpson	54.7	34	327	63.7	58.8	8.3	5.2	5.2	0.0	8.2	8,763	31.03.86
445	(381)	Coates Brothers	54.6	42	211	189.0	192.2	−1.6	11.5	12.9	−10.8	13.8	3,502	31.12.85
446	(465)	Samuelson Group	54.5	12	363	38.9	29.6	31.4	5.5	3.6	52.8	30.2	723	*31.03.86
447	(443)	EIS Group	54.1	6	317	70.9	47.4	49.6	5.5	4.2	31.0	18.5	2,589	31.12.85
448	(—)	Weir Group	54.0	6	239	139.8	131.6	6.2	9.0	6.9	30.4	17.1	4,206	27.12.85
449	(436)	Warnford Investments	53.8	69	—	N/R	N/R	—	4.9	4.2	16.7	34.1	15	25.12.85
450	(380)	Henderson Group	53.5	2	306	80.5	66.1	21.8	5.5	6.6	−16.6	25.9	2,338	01.03.86

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Ranking 1986	1985	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
451	(499)	Plysu	53.4	42	374	34.0	27.9	21.9	4.6	3.9	17.9	29.7	946	31.03.86
452	(409)	Horizon Travel	53.3	29	243	135.7	151.9	−10.6	14.5	12.5	16.0	23.2	1,395.85	30.11.85
453	(414)	Country & New Town Props	53.1	69	—	N/R	N/R	—	7.6	3.5	117.1	9.7	101	31.01.86
454	(—)	Watsham's	52.8	10	384	25.8	18.3	41.0	2.6	1.9	36.8	43.4	1,182	31.03.86
455	(—)	Rotaflex	52.6	4	353	50.1	41.4	21.0	3.2	2.8	14.3	40.1	1,401	31.12.85
456	(—)	Hopkinsons Holdings	52.1	6	324	65.8	59.2	11.1	6.8	5.8	17.2	17.2	2,736	*31.01.86
457	(402)	London & Midland Industrials	51.9	11	307	80.3	82.1	−2.1	7.2	7.7	−6.4	23.3	2,191	31.03.86
458	(438)	Molins	51.6	6	263	116.3	133.5	−12.8	8.1	6.0	35.0	10.4	4,203	31.12.85
459	(497)	Whitecroft	51.4	10	275	104.0	101.7	2.3	7.3	7.5	−2.6	17.3	2,549	31.03.86
460	(—)	Neill, James Holdings	50.9	6	349	52.0	52.8	−1.4	5.0	3.6	38.9	19.8	2,047	31.12.85
461	(325)	Sound Diffusion	50.8	4	371	36.2	30.5	18.7	5.8	4.7	23.4	50.2	519	†31.12.85
462	(—)	Macarthy	50.0	27	170	269.6	285.7	−5.5	4.2	4.1	2.4	N/A	N/A	*30.04.86
463	(421)	Six Hundred Group	50.0	6	198	203.1	187.3	8.4	6.7	7.6	−11.7	9.7	3,692	31.03.86
464	(430)	Town Centre Securities	49.8	69	—	N/R	N/R	—	2.7	2.4	12.5	5.9	90	30.06.85
465	(169)	Tricentrol	49.2	51	284	100.6	120.3	−16.3	26.5	39.3	−32.5	15.7	205	*31.12.85
466	(498)	Sale Tilney	49.0	25	321	68.2	71.1	−4.0	4.1	3.1	32.3	24.7	694	30.11.85
467	(—)	Sheraton Securities Intntl	48.8	69	—	N/R	N/R	—	2.3	1.3	76.9	12.8	15	*31.03.86
468	(—)	Wardle Storeys	48.6	42	362	40.5	39.8	1.8	4.0	3.1	29.0	31.0	1,239	31.08.85
469	(—)	Illingworth Morris	48.4	35	287	96.2	93.0	3.4	6.2	4.1	51.2	17.5	3,430	31.03.86
470	(454)	Dominion International	48.3	11	337	58.1	45.2	28.5	11.0	9.3	18.3	17.1	243	31.03.86
471	(—)	Emess Lighting	48.0	4	381	30.7	22.2	38.3	3.4	2.2	54.5	35.3	1,175	*31.12.85
472	(451)	Avon Rubber	47.9	9	205	198.1	180.4	9.8	4.5	3.5	28.6	15.4	5,264	28.09.85
473	(440)	Sunlight Service Group	47.5	12	322	67.8	58.0	16.9	5.2	4.4	18.2	23.9	11,270	31.12.85
474	(444)	Macfarlane Group (Clansman)	47.4	33	357	48.1	41.5	15.9	4.0	3.0	33.3	30.5	1,245	31.12.85
475	(—)	Robinson, Thomas Group	47.4	6	398	10.1	11.4	−11.3	0.4	0.5	−19.9	7.9	481	31.12.85

Additions to UK top 500

Company	This rank	SR
Wellcome	29	27
Storehouse	45	34
Ashley, Laura	134	34
Tozer, Kemsley & Millbourn	215	9
Guthrie Corporation	282	69
Williams Holdings	286	10
Ansbacher, Henry	288	68
Crowther, John Group	295	35
Peel Holdings	305	69
Mountleigh Group	318	69
Blue Arrow	332	12
International City Holdings	334	70
Abaco Investments	335	70
Arlington Securities	336	69
Triton Europe	343	51
Smith, David S.	350	33
Lee International	353	25
CAP Group	359	5
St Ives Group	363	32
BSG International	364	9
Lowe Howard-Spink & Bell	369	12
Regalian Properties	382	69
Speyhawk	385	69
Kwik-Fit (Tyres & Exhausts) Hldgs	386	9
Devenish J. A.	392	22
Microfilm Reprographics	393	12
Television South	399	29
Newman Tonks Group	401	2
Aurora	402	6
Berkeley Group	403	3
Armstrong Equipment	406	9
Coloroll	411	39
Ratners (Jewellers)	412	34
Meggitt Holdings	417	6
Heywood Williams	419	2
Hestair	421	11
PWS International	423	67
Crown House	429	6
Hartwells Group	432	9
Pentos	434	34
BTP	435	42
Thermal Scientific	436	5
Crystalate Holdings	438	5
Ransomes, Sims & Jefferies	440	6
Body Shop International	441	34
Nu-Swift Industries	443	10
Weir Group	448	6
Watsham's	454	10
Rotaflex	455	4
Hopkinsons Holdings	456	6
Neill, James Holdings	460	6
Macarthy's Pharmaceuticals	462	27
Sheraton Securities International	467	69
Wardle Storeys	468	42
Illingworth Morris	469	35
Emess Lighting	471	4
Robinson, Thomas Group	475	6
Tiphook	480	45
Senior Engineering	482	6
Newman Industries	486	10
Trinity International Holdings	487	32
Manders Holdings	488	2
Blackwood Hodge	489	3
Rodime	491	5
Wagon Industrial Holdings	492	6
Expamet International	493	2
Smith New Court	494	70
HTV Group	496	29
Clark (Matthew) & Sons	498	22
Steel Burrill Jones	499	67

Departures from UK top 500

Company	Last rank	SR
Imperial Group	(24)	36
Distillers Company	(33)	22
British Home Stores	(75)	34
Debenhams	(84)	34
Habitat Mothercare	(107)	34
Bell (Arthur) & Sons	(128)	22
Stock Conversion	(141)	69
Fleet Holdings	(148)	32
Nottingham Manufacturing	(161)	35
Capital & Counties Prop.	(182)	69
Vantona Viyella	(190)	35
Home Charm	(215)	34
Hawley Group	(216)	11
Haslemere Estates	(217)	69
Charterhouse Petroleum	(239)	51
Gill & Duffus Group	(252)	91
Cope Allman International	(339)	11
Pritchard Services Group	(267)	12
French Kier Holdings	(283)	3
Peger-Hattersley	(288)	6
Samuel H.	(319)	34
Saxon Oil	(333)	51
Apricot Computers	(344)	5
SGB Group	(347)	3
Alcroyd & Smithers	(348)	70
Telemetrix	(362)	5
Sovereign Oil & Gas	(366)	51
London & Prov. Shop Centres	(391)	69
Bosse Massimi Pollitt	(400)	12
United Parcels	(405)	45
Petranol	(410)	51
Brown (John)	(417)	6
Kenning Motor Group	(418)	9
Automotive Products	(423)	9
Yule Catto	(425)	11
United Leasing	(427)	5
Watts, Blake, Bearne & Co.	(435)	10
Edinburgh Fund Managers	(437)	70
Glass Glover Group	(446)	26
Nichols J. N. (Vimto)	(447)	25
Fenner J. H. (Holdings)	(448)	6
Hampton Gold Mining	(449)	81
Amari	(450)	8
Goring Kerr	(456)	4
Church & Company	(460)	34
Liberty	(463)	35
Imry Property Holdings	(464)	69
Hadson Petroleum Int'l	(466)	51
Aaronson Brothers	(469)	2
Hunting Associated Inds	(472)	11
Eastern Produce	(473)	91
Allied London Properties	(475)	69
Our Price	(476)	39
Holt Lloyd International	(478)	42
Pavion International	(479)	42
Falcon Resources	(480)	51
Micro Business Systems	(481)	5
Bairstow Eves	(482)	67
Tace	(483)	6
Addison Page	(484)	12
Systems Reliability	(486)	5
Norton Opax	(487)	32
Lamont Holdings	(488)	35
Gent, S. R.	(490)	35
Majedie Investments	(492)	70
McKay Securities	(493)	69
Bespak	(494)	6
Wholesale Fittings	(495)	4
Kalon	(496)	10
Goal Petroleum	(500)	51

Amstrad

Lessons from the Japanese

MR JIM RICE is the company secretary of Amstrad, the fast-growing UK consumer electronics group which enters the European Top 500 for the first time this year, moving straight to the number 211 spot.

Furthermore, Mr Rice is also responsible for production at Amstrad's factory in Shoeburyness, Essex, for the company's French subsidiary, for distribution and shipping, and for the company's international finance and taxation.

Amstrad believes in running a tight ship. It has one of the smallest workforces—526 altogether—of any of the companies in the European 500.

This reflects the principles which have guided the company since it was founded in 1968 by Mr Alan Sugar, chairman and biggest shareholder: pare costs to the bone, in part by designing out unnecessary frills in its products, and then sell vast numbers by undercutting everyone else on price.

It is a philosophy modelled on that of the Japanese. Amstrad does not have a massive research and development facility. Instead, it looks long and hard at other companies' products and then tries to make them more simply and more cheaply.

The company is also notable for the speed with which it launches new products and moves out of them as soon as the market goes sour.

When Amstrad was floated on the London Stock Exchange in 1980 it was selling hi-fi equipment, car radios, clock radios, portable television sets and music centres, among other things. As recently as two years ago its audio and video products made up 96 per cent of its sales.

Now the audio and video side—products like midi systems and video-cassette recorders—accounts for about 30 per cent of sales. Computers and word-processors provide the rest.

Few people paid much attention when Amstrad entered the home computer business in 1984. Yet by this year it had more than half the UK market. Similarly, many were sceptical when Amstrad launched its low-cost word-processor in August last year. In its first eight months it sold 350,000.

It can launch new products quickly and flexibly because it does little of its own manufacturing. It has only two factories, one in the UK and the other in Hong Kong, and buys in its components from sub-contractors, mainly in the Far East.

The result of its string of successes is that profits have risen from £1.4m on turnover of £8.7m in 1980 to £75.3m on turnover of £304.1m last year.

Sales are increasing overseas. Last year they reached £66.3m in France, £37.5m in West Germany, £32.2m in Spain and £17.2m in North America. It hopes that about two-thirds of its new low-cost IBM-compatible personal computers, launched in the UK in September, will sell overseas.

Costs are also kept low in its export activities because most of the sales are done through agents. The only exception to this on the Continent is France, where Amstrad has its own subsidiary.

Mr Malcolm Miller, the marketing director, believes there is scope for Amstrad to sell many more of its audio and video products in countries such as the Netherlands and Scandinavia. Throughout Europe, he believes, other Amstrad products will benefit from the publicity surrounding its word-processor and personal computer.

The success of the personal computer is crucial to the chances of Amstrad maintaining its fast growth. It claims more than 300,000 orders already; but so far few machines, especially at the top of the range, have been getting into customers' hands.

Major uncertainties are how many will be bought by large companies and how it will fare in the US.

David Thomas

476—500

Ranking 1986	1985	Company	Market cap. £m	Sector	Ranking	Turnover this year £m	Turnover last year £m	% change	Profit this year £m	Profit last year £m	% change	ROCE	Number of employees	Year end
476	(470)	Austin Reed Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
477	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
478	[illegible]	Clyde Petroleum	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
479	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
480	(—)	Tiphook	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
481	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
482	(—)	Senior Engineering	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
483	[illegible]	Tunstall Telecom Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
484	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
485	[illegible]	Carless Capel & Leonard	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
486	(—)	Newman Industries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
487	(—)	Trinity International Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
488	(—)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
489	(—)	Blackwood Hodge	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
490	(—)	Manders Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
491	(—)	Rodime	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
492	(—)	Wagon Industrial Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
493	(—)	Expamet International	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
494	(—)	Smith New Court	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
495	(461)	Associated Paper Industries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
496	(—)	HTV Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
497	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
498	(—)	Clark (Matthew) & Sons	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
499	(—)	Steel Burrill Jones	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
500	(471)	GEI International	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOTNOTES TO COMPANIES LISTED

Continued from facing page

effective at beginning of year. 326 Albert Fisher Group, figures prepared in accordance with merger accounting principles. ROCE calculated assuming merger with Copsed Ltd effective at beginning of year. 330 LCP Holdings, previous year's turnover restated to exclude discontinued activities. 332 Blue Arrow, USM. 334 International City Holdings, full S/E listing 11/85. 336 Arlington Securities, full S/E listing 5/86. 339 Union Discount, profit* profit for the year. 340 Greene, King and Sons, this year's figures for 53 weeks. 343 Triton Europe, formerly Invent Energy Holdings. 351 Brown Shipley, profit is net of tax. 353 Lee International, full S/E listing 4/86. 359 Cap Group, full S/E listing 7/85. 363 St. Ives Group, full S/E listing 10/85. 367 United Real Property Trust, take-over bid from Mountleigh Group launched 09/86. Audited accounts to 04/86 n/a. 376 Microgen Holdings, previous year's figures restated to account for Scan Laser, acquired 5/85. 377 Land Investors, company subject of take-over bid from BCPH, outstanding at 30/06/86. 379 Aitken Hume International, this year's loss is after exceptional charge of £2.433m. 389 Comcap, figures prepared in accordance with merger accounting principles. ROCE calculated assuming merger with Aurit Services effective at beginning of year. 390 Allied Textile Company, ROCE calculated assuming merger with Mayfield Holdings effective at beginning of year. 391 Low William, this year's figures for 53 weeks. 393 Microfilm Reprographics, USM. 394 Hambro Countrywide, formerly Mann & Co. Figures prepared in accordance with merger accounting principles. ROCE calculated assuming merger with Balrstow Eves effective at beginning of year. 408 Cater Allen Holdings, profit is net of tax. 419 Heywood Williams, figures prepared in accordance with merger accounting principles. ROCE calculated assuming merger with Planet Group and Birmingham Powder Coatings effective at beginning of year. 427 Chloride Group, this year's profit is after exceptional charge of £8.1m.

435 BTP, figures prepared in accordance with merger accounting principles. ROCE calculated assuming merger with Ishiglass effective at beginning of year. 446 Samuelson Group, figures prepared in accordance with John Barry Group Pty, Cine Holdings Ltd and Jands Concert Productions Pty effective at beginning of year. 456 Hopkinsons Holdings, previous year's figures for 53 weeks. 462 Macarthy, formerly Macarthy's Pharmaceuticals. Change in accounting year from April 30 to September 30 means that figures are unaudited interims for 12 months. Insufficient detail to enable ROCE calculation. 465 Tricentrol, turnover excludes oil and gas trading sales of £1,606m (£1,051m). 467 Sheraton Securities International, USM. 471 Emess Lighting, figures prepared in accordance with merger accounting principles. ROCE calculated assuming merger with Marlin effective at beginning of year. 479 Camellia Investments, turnover—sales and commissions from dealings in fine art, postage stamps and accessories, net of tax and intergroup trading. 480 Tiphook, full S/E listing July 1985. 483 Tunstall Telecom, figures prepared in accordance with merger accounting principles. ROCE calculated assuming merger with Munford & White effective at beginning of year. 491 Rodime, full S/E listing March 1986. 499 Steel Burrill Jones, USM.

Financial Times TOP 500 1986

Takeovers

Acquisitive groups rise up the list as 29 names go

IT HAS been the year of the takeover. No other single factor has had as significant an impact on the make-up of the UK Top 500 listings as the wave of bids and mergers which has swept through the City in recent times. In one dramatic week last December no fewer than four takeovers, worth more than £8bn, were announced.

Takeovers wiped 29 names off the UK Top 500 chart, starting, in terms of market capitalisation, with Imperial Group, the tobacco and brewing giant, which fell to Hanson Trust; and Distillers Company which was acquired by Guinness.

Both these takeover battles were bitter three-cornered fights which required Hanson to defeat United Biscuits and Guinness to vanquish Argyll Group to achieve their objectives. The campaigns by Burton Group, for control of Debenhams, and by Guinness (again) for Arthur Bell and Sons, the distilling group, were equally hard-fought.

But there were quiet corners away from the din of battle which allowed Habitat Mothercare to clinch an amicable merger with British Home Stores, and Coats Patons to link up with fellow textile manufacturer Vantona Viyella.

The retailing and food, drink and tobacco sectors attracted an unusual amount of bid activity, but the construction, engineering and property fields were also busy. The ever-active C. H. Beazer acquired French Kier, the civil engineer and builder; F. H. Tomkins, one of the new breed of mini engineering conglomerates bought Pegler-Hattersley; while Rodamco, the Dutch property investment group, took over Haslemere Estates.

The result of all this activity was in most cases to propel the acquisitive groups up the listings. Guinness, for example, leaped from 87th position to 18th, while Beazer rose from 242 to 133. Burton moved from 34 to 31, while Storehouse, the new name for the merged Habitat Mothercare-BHS operation, came in at 45.

While there have been signs that takeover activity has been slowing somewhat in recent months, 1986 is still on course for a new record in the amount of bid activity (though when inflation is taken into account 1968 and 1972 remain historically the busiest years).

Takeover bids worth more than £10bn were completed in the first nine months of 1986, compared with £6.1bn in the same period of 1985.

Why have British companies been so active on the takeover front?

Bid fever has been increasing in intensity for several years now, but it has only been over the past 18 months or so that all the pieces of the jigsaw have been in place.

Company profits had been rising for the previous three years, allowing companies to pay off their debts, build up cash reserves and strengthen their balance sheets.

Companies that had weathered the recession turned their attention to expansion after years of cutbacks and closure. Buying a going concern or an established brand is often far cheaper than starting from scratch.

The strength of the stock market allowed highly-rated companies to issue shares to finance acquisitions of less well-favoured rivals.

If this were not enough to persuade expansion-minded chairmen to set off on the takeover trail, the banks have proved increasingly willing to lend the means to finance takeovers.

Leveraged bids have yet to take off in the UK on the scale which is common in the US. But Elders IXL, the Australian brewing group headed by Mr John Elliott, showed what could be done when it created an international consortium of eight banks to help finance its £1.8bn bid for Allied-Lyons.

The US investment banks, which have spent several years building up corporate finance teams in the UK, want to see some return for their investment. The likes of Citicorp and Goldman Sachs have been prominent in several recent deals though their British merchant bank rivals hotly dispute the importance of the Americans' contribution.

A further spur to bid activity has been the ambition of several Antipodean businessmen to extend their empires into Europe. Apart from Mr Elliott, men like Mr Ron Brierley and Mr Robert Holmes à Court have been active.

But is all this bid activity a good thing? Do takeovers produce the benefits for shareholders that are claimed?

An academic study of the effects of nearly 1,800 takeovers and mergers in Britain which was completed earlier this year, concluded they did. The study, which looked at takeovers over a 30-year period, said takeovers had added substantially to the wealth of shareholders.

The findings showed that not only did shareholders in the target company benefit, but shareholders in the acquiring company also appeared to gain. Previous evidence from the US had suggested that company managers might have been acting against the interests of their shareholders by seeking to expand.

Ironically, this endorsement of the value of takeovers was published around the time that takeover activity received a setback. Just when the merger wave seemed unstoppable, in June and July, several takeover bids, which might normally have been expected to succeed, were turned down by the institutions.

Siebe, the engineering and compressed air group, failed in a £220m bid for APV Holdings, the process plant contractor. Dixons was rebuffed by the shareholders of Woolworth Holdings, despite starting out a clear favourite.

While it was possible to argue that special factors applied in each case—Woolworth, for example, was only half-way through a seven-year plan to revitalise its stores—there were clear signs of a change in City thinking.

Funds that could afford to take a long-term view and which were not under pressure from quarterly performance reviews started to cast a more jaundiced eye over the bid documents dropping onto their desks.

The experience of even friendly mergers such as Habitat Mothercare and BHS showed there could be a short-term dip in performance. And some fund managers started to worry about the undue concentration of power in too few hands. Even if formal monopolies rules were not breached, the concentration in sectors such as retailing and engineering was reducing the choice available to investors.

Another result of the years of relentless takeover activity was that many of the obvious targets had either already been taken over or had smartened up their act.

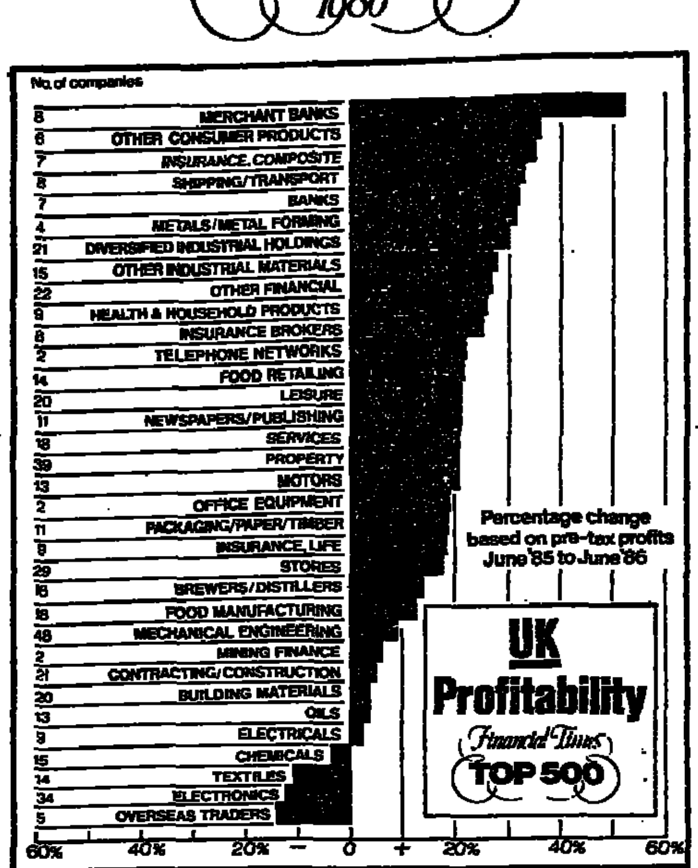
Perhaps in response to these signs of a fall from favour of the conventional takeover bid, expansion-minded businessmen had begun to devise alternatives. One such was the "management buy-in" launched in mid-November by Mr Philip Ling, managing director of Haden, the engineering group, for Simon Engineering, a process plant contractor.

The buy-in would install new management at Simon, but, in the early stages at least, leave the present shareholders in full control of the company. Only if the new team succeeded in improving Simon's performance and hence its share price would they take a share of the action.

Despite the growing popularity of management buy-outs in recent years, the hostile buy-in is a relatively untried technique, though Demerger Corporation attempted something similar at Extel Group earlier this year. It may have to struggle to find acceptance.

Many people will be watching closely to see what happens at Simon. The question of how to change under-performing managements without the expense, emotion and uncertainty of a full-scale takeover bid has been taxing the City for a long time.

Charles Batchelor



The oil sector

How the rich got richer

IN A YEAR in which the oil price slumped from $30 a barrel to less than $10, one might have expected the stockmarket value of oil companies to have dropped by at least 50 per cent. But the oil shares sector has barely moved.

The reason is not that investors have failed to notice what was happening. It is that the effects of the reduced oil price have been mixed and have not been consistently bad for all the companies in the sector.

This has been a year in which the rich oil companies—the big integrated concerns—have got a bit richer, while the smaller exploration and production companies have got a great deal poorer.

Indeed, during the past year the oil sector has behaved as two different groupings—BP and Shell, which have broadly kept pace with the market, and all the others, most of which have been ravaged by the price fall.

With a joint market capitalisation of £23bn, Shell and BP overwhelm the rest of the sector, to the extent that the great deterioration suffered by the other two dozen oil companies has left almost no mark on the sector as a whole.

The explanation for the ability of Shell and BP to withstand such a storm and feel no erosion in their rankings at the top of this year's league tables is that they are not only producers of oil but also consumers of it.

They have found that their "downstream" divisions—refining and marketing—which have been barely profitable over the last five years, have suddenly begun earning windfall profits.

Hitherto, the great boost to downstream earnings has more than offset the slide in earnings "upstream"—in oil exploration and production. Shell and BP have coasted through the first year of lower oil prices showing an increase in profits—almost to their own embarrassment, for it has caused motorists to clamour angrily for lower petrol prices.

Gradually, however, downstream margins are being pinched as product prices have belatedly begun to fall, leaving the majors, although still comfortable, operating in slightly reduced circumstances.

The few smaller companies in the sector with some downstream balance have not fared anything like as well as the diversified majors.

While Burmah Oil has apparently distinguished itself by jumping some 30 places up the league table, its rise was prompted by the shedding of its direct oil interests. Indeed, the market has re-rated Burmah, as it no longer regards the company—now composed of Castrol and speciality chemicals interests—as purely an oil group.

Similarly, the comparatively slight fall in the capitalisation of IC Gas: the Calor and Century power and light group, was due more to the attentions of Gulf Resources, which later bid for the company, than to stock market approval of its diversity.

The downstream interests of Carless Capel and Leonard, alone among the small independent exploration companies to be involved in refining and distribution business, have not kept it from slipping 250 points down the table as its upstream earnings collapsed.

But the vast majority of the oil independents have no downstream operations at all, and for them the effect of a fall of two-thirds in the oil price has been simple.

Revenues have been cut by two-thirds, and since a high proportion of costs are fixed, profits have been turned into losses and cash flows have become cash haemorrhages.

The difficulties that these companies face were glaringly obvious during the latest results season. All but one either cut dividends, or withheld them altogether. Enterprise, the only company to have maintained its interim payout, has done little more than shift the market's anxiety to the final dividend.

Many of the oil independents have endured a year of crisis management. Even Britoil, the largest of them all, and in 1985 the seventh most profitable company in the UK, is likely to lose money in the second half of this year and has had to cut its staff by 40 per cent.

The immediate problem for most of the companies has not been vanishing profits as much as an acute shortage of cash. The year has been one of deals, as nearly all of the independents have come up with a means of providing at least a temporary source of cash. To this end there have been takeovers, asset sales and distress rights issues.

Through takeovers the number of companies on the list has fallen. Of the seven which slipped off the foot of the FT500 last year, three, Charterhouse, Saxon Oil and Hudson Petroleum, were all taken over.

For the other four departures—Petranol, Falcon Resources, Sovereign Oil and Gas and Coal Petroleum—it was a matter of a collapse in profits and in prospects.

The most spectacular fall of the year was that of Tricentrol, which in 1985 held 169th place but this time only just managed to stay in the running at 465th place.

Tricentrol is suffering from the same malaise as the others, only in a more acute form. It had run an aggressive—and below averagely successful—exploration programme and then found itself with no alternative but to increase borrowings sharply when the price fell.

It has now been forced to put some of its most attractive assets—those in the US and Canada—up for sale at a knock-down price.

Even if a buyer can be found quickly the cash drain will not be fully plugged, leaving Tricentrol on course for a loss this year of about £9m compared with a profit of over £25m last year.

But, since the FT500 lists were compiled the small independents have enjoyed something of a respite, partly because their money-raising deals have bought some time and a temporary freedom from their bankers' impatient demands.

More important has been a recovery in the oil price towards $14 a barrel. Near that level many of them become cash positive and therefore able to sit tight and wait for better times.

Lucy Kellaway

Biggest profit increases (UK)

Rank	Company	Sector	Top 500 rank	Profit increase %
1	Stockley	69	217	3,700.0
2	Bestobell	6	380	920.0
3	General Accident	66	34	579.5
4	Smith, David S.	33	350	520.0
5	Blue Arrow	12	332	450.0
6	Amstrad Consumer Electronics	5	93	272.8
7	Royal Insurance	66	24	269.6
8	Mountleigh	69	318	268.0
9	Crowther, John, Group	35	295	260.0
10	Fisher Albert	26	326	245.5
11	Thermal Scientific	5	436	220.0
12	Pentland Industries	35	135	211.6
13	Microfilm Reprographics	15	393	200.0
14	Attwoods	2	371	194.1
15	Wates City of London Props	69	223	166.7
16	Midland Bank	62	50	160.0
17	Matthews (Bernard)	25	220	152.9
18	Hestair	11	421	150.0
19	BBA Group	9	146	142.6
20	Blackwood Hodge	3	489	140.0

Biggest profit decreases (UK)

Rank	Company	Sector	Top 500 rank	Profit decrease %
1	Chloride Group	4	427	−96.5
2	Guardian Royal Exchange	66	38	−96.1
3	Barratt Developments	3	176	−88.4
4	Union Discount (London)	70	339	−86.0
5	Finlay (James)	91	368	−78.0
6	Lex Service Group	9	159	−49.5
7	Inchcape	91	152	−41.3
8	Marley	2	173	−40.7
9	Newman Industries	10	486	−39.1
10	Legal & General Assurance	65	48	−34.4
11	Berisford S & W	25	130	−33.8
12	Carless Capel & Leonard	51	485	−33.2
13	British Printing & Comm Corp	32	85	−32.6
14	Tricentrol	51	465	−32.5
15	London & Northern Group	3	378	−32.0
16	Racal Electronics	5	59	−31.7
17	Clyde Petroleum	51	478	−30.0
18	Harrisons & Crosfield	91	121	−29.6
19	Unitech	5	322	−28.6
20	AB Electronic Products	5	365	−28.5

Investment trusts

Fear troubles the sector giants

IT HAS been a year when, for much of the time, big has been beautiful in the investment trust world. Nearly all the top 10 trusts have performed better than average, helped by their high overseas weightings.

They have been led by the remarkably buoyant Foreign & Colonial which produced a total return of 57 per cent (share price gain plus net dividends) in the year to the end of October.

But, paradoxically, fear has also begun to trouble the giants of the investment trust sector. In the past, only the small and medium-sized trusts have had serious cause to worry about being taken over and liquidated by bidders seeking a quick profit, or perhaps looking for a readily available pool of capital.

But this summer a bidder struck at a member of the Top Ten, when Mr Robert Maxwell's British Printing & Communications Corporation bought the £330m Philip Hill Investment Trust. Within hours of gaining control on September 17 Mr Maxwell sold most of the portfolio in a block to the US investment bank Goldman Sachs.

Previously the problems involved in liquidating large portfolios had been considered to be a deterrent to bidders. But the build-up of the presence of the New York securities houses in London has meant that US-style "bought deals" and "programme trading" have become regular activities in the City's markets.

Now London's Big Bang deregulation, with its abolition of fixed commissions, has given further encouragement to the growth of big securities trading firms which must see the investment trust sector as an attractive source of undervalued assets ripe for exploitation.

Investment trust shares still sell in the market at a significant discount to the value of the underlying assets. The average discount has narrowed somewhat to around 20 per cent (it was a little lower still at one stage recently) but bidders are still active and very few new trusts are being launched.

So, although a certain amount of new money is being raised by existing trusts through debenture issues, the sector as a whole is tending to shrink.

It has been a particularly bad period for some of the smaller trusts in the once glamorous sectors such as energy or technology or smaller companies. Cyclical swings can be extreme in such areas.

The big thrust for performance has generally come from overseas. While the biggest trust of all, Globe, has been held back by its relatively high UK weighting, the trusts with large investments in, particularly, Japan and to some extent Europe have pushed up their net asset values strongly.

The Association of Investment Trust Companies' one-year performance tables include seven Japanese or Pacific specialist trusts in the top 10 on a one-year view.

Both in the long and short run the very best performing trusts tend to be quite small, so that the portfolio can be affected by special influences. But at the same time, the worst performers are also often small in size. Divergence from the mean can work both ways.

As for the giant trusts, despite their outperformance over the past year, they are unlikely to show returns much different from the average for all trusts over a lengthy period. Over 10 years, for example, they cluster around the 50th percentile ranking.

The persistence of the discounts and the lack of growth prospects in the investment trust sector are causing considerable rethinking among investment trust management companies.

The fund managers increasingly see the need to diversify into more buoyant sectors such as pension funds or unit trusts if they are to provide career prospects for high-grade staff.

Barry Riley

Top 100 UK Investment Trusts by Market Capitalisation

Rank	Company	Market capital £m	Share-holders' funds £m	Discount %
1	Globe Investment Trust	579.7	796.5	27.2
2	F & C Investment Trust	467.7	642.7	27.2
3	TR Industrial & Gen. Tst	415.5	571.3	27.2
4	Edinburgh Investment Trust	409.2	565.4	27.6
5	Alliance Investment Trust	390.6	523.7	25.4
6	Scottish Mortgage & Trust	378.8	478.0	20.7
7	Witan Investment Trust	342.9	482.0	28.8
8	Scottish Investment Trust	309.2	387.8	20.2
9	Hill (Philip) Invest. Tst	275.5	338.2	18.5
10	TR Technology Invest. Trust	235.4	320.3	26.5
11	Scottish Eastern Invest. Tst.	230.2	312.6	26.3
12	Fleming Mercantile Inv. Tst.	226.9	276.2	17.8
13	British Assets Trust	222.7	310.7	28.3
14	Electra Investment Trust	217.9	307.6	29.1
15	Govett Strategic Invest. Tst.	217.9	294.0	25.8
16	Anglo American Secs. Corp	202.7	279.4	27.4
17	Murray International Trust	194.7	252.3	22.8
18	Fleming Overseas Invest. Tst.	188.6	257.0	26.6
19	Drayton Japan Trust	188.3	230.9	18.4
20	Scottish National Trust	186.5	233.3	20.0
21	Fleming Far Eastern Inv. Tst.	184.5	240.3	23.2
22	US Debenture Corporation	178.8	242.7	26.3
23	Govett Oriental Invest. Trust	177.9	243.7	27.0
24	Scottish American Inv. Tst.	177.8	220.5	19.3
25	Throgmorton Trust	165.0	218.4	24.4
26	Monks Investment Trust	149.8	207.4	27.7
27	Whitbread Investment Trust	145.1	206.1	29.5
28	Continental & Industrial Tst	144.4	153.9	6.1
29	TR Trustees Corporation	143.5	206.4	30.4
30	Securities Trust of Scotland	132.9	171.9	22.6
31	Atlantic Assets Trust	128.5	176.0	26.9
32	Murray Income Trust	127.3	154.7	17.7
33	Second Alliance Trust	125.8	174.4	27.8
34	Merchants Trust	122.8	159.3	22.9
35	Northern American Trust	120.7	161.4	25.2
36	TR Pacific Basin Inv. Tst.	115.0	164.8	30.2
37	Govett Atlantic Invest. Tst.	112.7	150.9	25.3
38	American Trust	109.1	150.1	27.3
39	Drayton Consolidated Trust	108.9	157.1	30.6
40	TR City of London Trust	108.0	138.4	21.9
41	Raeburn Investment Trust	107.5	135.9	20.8
42	F & C Pacific Invest. Tst.	107.1	141.3	24.2
43	Fleming Japanese Invest. Tst.	107.1	130.3	17.8
44	First Scottish American Trust	99.5	137.2	27.4
45	Hambros Investment Trust	98.7	139.9	29.4
46	Kleinwort Overseas Trust	97.9	130.1	24.7
47	Romney Trust	93.1	118.5	21.4
48	Bankers Investment Trust	91.4	118.2	22.6
49	Fleming American Invest. Tst.	90.5	115.8	21.8
50	Temple Bar Investment Trust	89.9	116.8	23.0
51	Edinburgh American Asset Tst	86.3	119.3	27.6
52	Fleming Universal Invest Tst	86.0	114.5	24.8
53	Outwich Investment Trust	82.3	115.7	28.8
54	Murray Smaller Markets Trust	78.5	94.2	16.6
55	TR Property Investment Trust	77.8	102.0	23.7
56	Berry Trust	77.6	91.2	14.9
57	Kleinwort Charter Trust	77.0	107.4	28.3
58	River & Mercantile Trust	76.8	99.4	22.7
59	Trans-Oceanic Trust	73.9	92.4	20.0
60	English & Scottish Investors	71.8	95.4	24.7
61	Crescent Japan Investment Tst	71.1	88.9	20.0
62	Majedie Investments	68.9	68.8	0.1*
63	Tribune Investment Trust	67.7	93.1	27.2
64	TR Natural Resources Trust	66.5	83.0	19.8
65	Electric & General Inv Tst	64.8	89.1	27.2
66	TR North America Inv Tst	62.1	78.3	20.6
67	Fleming Technology Inv Tst	60.8	84.4	27.9
68	Brunner Investment Trust	60.2	84.5	28.7
69	North Atlantic Secs Corp	59.6	80.4	25.8
70	General Consolidated Inv Tst	58.3	71.3	18.2
71	London Trust	57.8	76.0	23.9
72	Ailsa Investment Trust	56.9	73.8	22.8
73	British Empire Secs & Gen Tst	53.2	55.1	3.4
74	General Funds Investment Tst	53.2	65.7	19.0
75	Law Debenture Corporation	52.8	64.9	18.6
76	New Tokyo Investment Trust	50.3	68.9	26.9
77	F & C Alliance Invest Trust	49.0	67.2	27.0
78	Abingworth Investment Trust	47.9	61.7	22.3
79	G.T. Japan Investment Trust	47.5	61.7	23.0
80	Pacific Investment Trust	47.5	64.9	26.8
81	St Andrew Trust	47.1	63.5	25.8
82	Glasgow Stockholder's Trust	44.2	54.6	19.0
83	Yeoman Investment Trust	43.3	51.5	15.9
84	Investing in Success Equities	41.5	56.0	25.8
85	Baillie Gifford Japan Trust	41.2	49.6	16.9
86	Gartmore Info & Financial Tst	40.8	54.0	24.4
87	Murray Ventures Invest Tst	39.0	53.7	27.3
88	River Plate & General Inv Tst	38.1	51.4	25.8
89	Shires Investment Trust	36.1	35.7	1.1*
90	Keystone Investment Trust	35.9	48.1	25.3
91	Fleming Claverhouse Inv Tst	35.0	44.6	21.5
92	Japan Assets Trust	34.2	47.2	27.5
93	Dundee & London Invest Tst	33.4	46.7	28.4
94	Fleming Enterprise Invest Tst	32.5	43.1	24.5
95	Drayton Far Eastern Trust	29.3	38.8	24.4
96	TR Australia Investment Tst	27.2	32.2	15.5
97	Winterbottom Energy Trust	27.1	27.3	0.7
98	New Court Trust	21.5	30.1	28.5
99	F & C Enterprise Trust	21.3	28.4	25.0
100	Viking Resources Trust	16.4	21.4	23.3

*Premium

A-Z List of the UK Top 500

COMPANY	RANK	COMPANY	RANK	COMPANY	RANK	COMPANY	RANK	COMPANY	RANK	COMPANY	RANK
AAH Holdings	284	Brown Shipley Hds	351	Ferguson Ind Hldgs	396	Laing (John)	181	Oxford Instmnts Grp	177	St Ives Group	363
AB Electronic Products	365	Bryant Holdings	310	Ferranti	109	Laing Properties	241	P & O Steam Navigation	49	Stakis	252
Abaco Investments	335	BSG International	364	Fine Art Devlpmts	298	Laird Group	204	Paterson Zochonis	302	Standard Chartered	53
Abbey Life	112	BSR International	240	Finlay (James)	368	Land Investors	377	Peachey Property Corpn	324	Staveley Industries	316
Adwest Group	381	BTP	435	First Leisure Corp	278	Land Securities Inv Tst	28	Pearl Assurance	115	STC	82
AE	184	BTR	9	First National Finance	175	Laporte Industries	114	Pearson	60	Stead & Simpson	444
AGB Research	331	Bullough	309	Fisher Albert	326	LCP Holdings	390	Peel Holdings	305	Steel Bros Hldgs	357
Aitken Hume Internl	379	Bulmer H.P. Hldgs	348	Fisons	36	Lee International	353	Pentland Industries	135	Steel Burrill Jones	499
Allied Colloids Group	192	Bunzl	94	Fitch Lovell	209	Legal & Gen Assurance	48	Pentos	434	Steetley	161
Allied Lyons	22	Burmah Oil	88	FKI Electricals	319	Lep Group	299	Pilkington Brothers	74	Stewart Wrightson	233
Allied Textile Co	390	Burton Group	31	Foseco Minsep	203	Lex Service Group	159	Pleasurama	207	Stockley	217
AMEC	247	Cable & Wireless	14	FR Group	227	Lilley F.J.C.	425	Plessey	30	Storehouse	45
Amersham Internl	216	Cadbury Schweppes	71	Freemans	156	Lloyds Bank	23	Plysu	451	Sturge Holdings	291
Amstrad Consumer Elec	93	Caledonia Investments	197	Frogmore Estates	395	Logica	327	Polly Peck Internat	236	Sun Alliance & Ldn In	41
Ansbacher, Henry	288	Cambridge Elec. Inds.	328	Garfunkles Restrnts	484	London & Edinburgh Tst	249	Portals Holdings	230	Sun Life Ass Soc	118
APV Holdings	213	Camellia Investments	479	GEI International	500	London & Manchester Gp	199	Powell Duffryn	224	Sunlight Service Grp	473
Argyll Group	96	CAP Group	359	General Accident	34	London & Midland Inds	457	Premier Cons Oilfields	420	Superdrug Stores	244
Arlington Securities	356	C'less Capel & L'nard	485	General Electric	7	London & Northern Grp.	378	Property & Revers Invs	424	Suter	231
Armstrong Equipment	406	Carlton Communications	166	Gerrard & National	271	London & Scot Mar Oil	228	Prop Holding & Inv Trust	297	Systems Designers Int	269
ASDA/MFI Group	32	Case Group	428	Gestetner Hldgs	342	London International Grp	171	Property Sec Inv Trust	352	Tarmac	37
Ashley, Laura	134	Cater Allen Hldgs	408	GKN	77	London Merchant Secs	268	Provident Financial Grp	250	Tate & Lyle	137
Asprey & Company	303	Central Indpndt. TV	362	Glaxo Holdings	4	London Shop Prop Tst	373	Prudential Corporation	16	Taylor Woodrow	125
Assoc. Book Publshrs	437	Charter Consolidated	167	Glynwed Internl	145	London United Invest	431	PWS International	423	Telephone Rentals	226
Assoc British Foods	46	Chesterfield Props	320	Granada Group	92	Lonrho	84	Queens Moat Houses	277	Television South	399
Assoc British Ports	193	Chloride Group	427	Grand Metropolitan	13	Lovell Y.J. (Holdings)	289	Racal Electronics	59	Tesco Stores (Hldgs)	35
Assoc Newspapers	124	Christies Intnl	341	Grattan	165	Low & Bonar Group	260	Rank Organisation	63	Thermal Scientific	436
Assoc Paper Indust	495	Clark (M'thew) & Sons	498	Great Portland Ests	169	Low (William)	391	Ranks Hovis McDougall	97	Thorn EMI	66
Atlantic Computers	265	Clyde Petroleum	478	Great Universal Stores	17	Lowe Howard-S. & Bell	369	Ransomes Sims Jefferies	440	TI Group	151
Attwoods	371	Coalite Group	196	Greenall Whitley & Co	195	Lucas Industries	86	Ratners (Jewellers)	412	Tiphook	480
Aurora	402	Coates Brothers	445	Greene, King & Sons	340	LWT (Holdings)	418	Reckitt & Colman	55	Tomkins F. H.	283
Austin Reed Group	476	Coats Viyella	40	Greycoat Group	214	Lynton Holdings	497	Redland	70	Tootal Group	225
Automated Sec (Hldgs)	259	Collins (Wm.) & Sons	266	Guardian Royal Exchng	38	M & G Group	234	Reed International	57	Town Centre Secs	464
Avana Group	229	Coloroll	411	Guinness	18	Macarthy	462	Refuge Group	210	Tozer Kemsley Millbrn	215
Avon Rubber	472	C'bined English Strs	279	Guinness Peat Group	190	Macfarlane Group (Clns)	474	Regalian Properties	382	Trafalgar House	64
Babcock Internl	198	Comcap	389	Guthrie Corporation	282	Magnet & Southerns	158	Renishaw	308	Transport Dev Group	174
Baird (William)	317	Commercial Union	47	Hall (Matthew)	296	MAI	218	Renold	477	Travis & Arnold	383
Baker Perkins	280	Cons. Gold Fields	76	Halma	314	Manders Holdings	490	Rentokil Group	180	Tricentrol	465
Bank of Scotland	111	Cookson Group	89	Hambro Countrywide	394	Mansfield Brewery	384	Reuters	33	Trinity Intl Hldgs	487
Barclays	12	Costain Group	129	Hambros	141	Marks and Spencer	8	RHP Group	270	Triton Europe	343
Barratt Developments	176	Cty. & New Town Prps	453	Hammerson Property	72	Marley	173	Rio Tinto-Zinc Corpn	25	Trust House Forte	44
Bass	21	Courtaulds	56	Hanson Trust	10	Marshall's Halifax	400	RMC Group	100	Tunstall Telecom Grp	483
BAT Industries	6	Cray Elec. Hldgs.	311	Hargreaves Group	415	Marston T'son Evershed	323	Robinson, Thomas Group	475	Turner & Newall	157
BBA Group	146	Crest Nicholson	272	Harris Queensway Grp	131	Martonair International	356	Rodime	491	U.E.I.	245
Beazer C. H. Hldgs	133	Croda Intl	232	Harrisons & Crosfield	121	Matthews (Bernard)	220	Rosehaugh	154	Ultramar	122
Beecham Group	15	Crown House	429	Hartwells Group	432	Meggitt Holdings	417	Rotaflex	455	Unigate	91
Bejam Group	202	Crowther, John Gp	295	HAT Group	361	Memec	375	Rothmans International	139	Unilever	19
Bentalls	387	Crystalate Hldgs	438	Hawker Siddeley Group	58	Menzies John (Holdings)	248	Rothschild J. Holdings	120	Union Discount (Ldn)	339
Berisford S. & W.	130	Daejan Hldgs	281	Hazlewoods Foods	237	MEPC	78	Rowntree Mackintosh	83	Unitech	322
Berkeley Group	403	Daily Mail & Gen. Tst	208	Heath C. E.	243	Mercantile House Hldgs.	194	Royal Bank of Scotland	73	United Biscuits	65
Bestobell	380	Dalgety	185	Henderson Admin Group	238	Mercury Intnl Grp	116	Royal Insurance	24	United Friendly Ins	370
BET	61	Davy Corporation	304	Henderson Group	450	Metal Box	104	Rugby Portland Cement	191	United Newspapers	119
BICC	106	Dawson International	144	Hepworth Ceramic Hldgs.	150	Meyer Intnl	185	Saatchi & Saatchi	79	United Real Prop Tst	367
Bilton (Percy)	292	De la Rue	127	Hestair	421	Microfilm Reprographics	393	Sainsbury J.	20	Utd Scientific Hldgs	388
Birmid Qualcast	325	Dee Corporation	39	Hewden-Stuart Plant	398	Microgen Holdings	376	Sale Tilney	466	Valor	366
Black (Peter) Hldgs	355	Delta Group	163	Heywood Williams	419	Midland Bank	50	Salvesen, Christian	136	Vaux Group	253
Blackwood Hodge	489	Devenish J. A.	392	Hickson International	346	Minet Holdings	221	Samuel Properties	347	VG Instruments	179
Blue Arrow	332	Dewhirst I. J. Hldgs	407	Higgs & Hill	410	Mitchell Cotts Group	416	Samuelson Group	446	Vickers	132
Blue Circle Indust	81	Diploma	258	Highland Distillers	313	MK Electric Group	261	Savoy Hotel	189	Waddington John	329
BOC Group	42	Dixons Group	54	Hill Samuel Group	142	Molins	458	Scapa Group	211	Wagon Indust Hldgs	492
Boddington's Breweries	276	Dobson Park Inds	344	Hillards	306	Morgan Crucible	170	Schroders	187	White Group	160
Body Shop Internl	441	Dominion Intnl	470	Hillsdown Holdings	101	Morrison W S'markets	219	Scot & Newcastle Brews	99	Wardle Storeys	468
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Bowater Industries	153	DPCE Holdings	360	Horizon Travel	452	Mowlem (John)	172	Securicor Group	357	Wates City of Ldn Prps	223
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Britannic Assurance	235	Emess Lighting	471	IMI	103	Neill, James Holdings	460	Sirdar	372	Whitbread	51
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British Aerospace	43	English China Clays	90	Imperial Contl Gas Ass	110	Newman Industries	486	Sketchley	307	Williams Holdings	286
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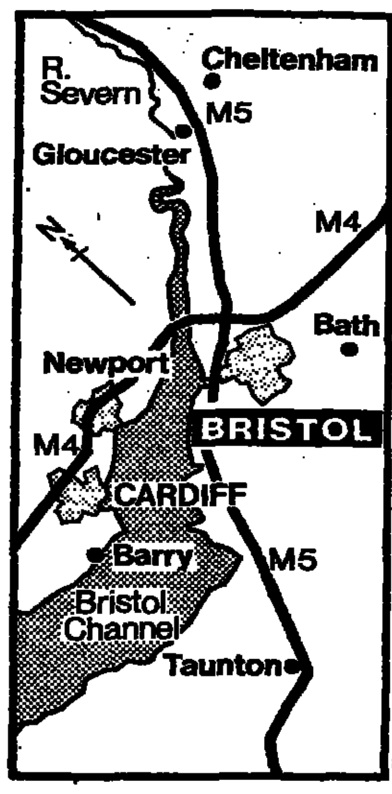
SECTION IV

FINANCIAL TIMES SURVEY

Bristol

The city has become a magnet for service companies fleeing the crowded south-east. Emphasis has moved from manufacturing to finance, insurance and distribution



Merchant venturers sail into high finance

By Anthony Moreton

SOME TIME IN the spring of 1989 Lloyds Bank is expected to move one of its major activities out of London and relocate in Bristol. The switch will create 700 jobs in the city, 400 of which will be recruited locally.

The arrival of Lloyds exemplifies what has happened to Bristol, "capital" of the South West and sixth largest city in England, over the past decade and points the way to its future growth.

The city of merchant venturers, economically active when northern cities were just starting their industrial life two centuries ago, has become, in the evocative description of two academics, the sun-belt city, a place where growth-sector industries have arrived in ever-increasing numbers.

The most obvious indicator of that has been in the financial sector. Bristol has become one of the most important financial centres in England outside London. Excluding London, it is the leading English insurance city, second only to Edinburgh in the UK, headquarters home of two major concerns and with important offices for at least half a dozen others.

NatWest Bank has moved an important insurance activity into the city; the Bristol and West Building Society, long the bedrock of the local financial community, has been joined by all the major accountancy firms, many top solicitors and other professional concerns.

Bristol has in fact become a magnet for service industries wanting to move out of the over-crowded and over-priced South East. In so doing, the commercial emphasis has moved from the traditional manufacturing industries that since the 18th century sustained much of its life—tobacco, wine, confectionery, paper and board—to the newer financial services and distribution. The change has brought an infusion of high-income, white-collar activity that has stimulated economic life in an area much wider than the immediate local-authority boundaries and helped the city and region ride the worst of the recession.

The core of industrial activity remains around Filton, at the northern tip of the city, where British Aerospace and Rolls-Royce are to be found. These two employ some 20,000 people, most of them men, a large proportion in higher technology.

The aviation, and, more latterly, space industries have sustained Bristol for the last 45 years and will continue to be a major bulwark of the economy even though there is some apprehension that overdependence on defence spending is unhealthy at a time when Government is constantly seeking economies.

Here, from Filton's curiously undulating runway, the enormous Brabazon aircraft was launched in the early 1950s, as big a white elephant as it was an aircraft. Here, the British produced Concordes first flew, dominating the surrounding countryside with their take-off noise.

Here, work on the Airbus goes on, the joint European collaborative venture on civil aircraft.

The fears about the future of the industry are discounted by Mr Martin Boddy and Mr John Lovering, the two academics at the university's school of urban studies, who coined the phrase sun-belt city.

"While a lot of the work continues to be geared to defence contracts," they say, "the two companies have moved increasingly into other areas. Probably only a quarter of their work is now directed towards aerospace. Another quarter is to do with guided weapons and research and much of the rest is in engine development."

Not only have the companies diversified this way but they have also won a lot of sub-contracting work: US F-111 fighter-bombers are serviced at Filton and one of the biggest single projects now being undertaken is on the Pegasus engine for the Harrier aircarft bought by the US Marine Corps.

The presence of British Aerospace and Rolls-Royce cannot be overstated: they have been instrumental in attracting other high-technology concerns to the city, a major feature of its development over the past decade.

Hewlett-Packard, the giant US semiconductor concern, employs 500 people not far from Filton and is expanding next year. Du Pont has an electronics arm in the city and Inmos has its headquarters and R & D department there, the visible tips of an iceberg of smaller high-technology concerns that have proliferated.

Waterfront office development like Bull Wharf, with top financial tenants, typifies the rebirth of the city centre

The limited number of these companies, is though, also a source of disappointment. Bristol would like to be, and at one time thought it might become, the Silicon Valley of England.

"Even compared with Swindon, a much smaller town, Bristol has not really attracted any major names in this field outside Hewlett-Packard. The city has not really fulfilled its early promise," Mr Lovering observes.

Estimates of how many are directly and specifically employed within high-technology vary. Mr Lovering puts the figure around 3,500; Mr Mike West, the city's economic development officer, more optimistically at around 6,500. Whatever numbers are chosen, the figures will continue to rise.

Despite the caution, it is clear that the arrival of sophisticated concerns and high-grade service companies have brought a new dimension to industrial and commercial life.

Aerospace, food-drink-and-tobacco and paper-packaging-and-board, the traditional mainstays which made a three-legged industrial stool, have been joined by the financial sector, turning the stool into a very secure four-point chair. The arrival of the fourth leg is all the more important because all the other three took some severe knocks after 1979.

Tobacco was drastically reduced in numbers and there are still fears over its future as cigarette smoking continues to decline in the UK. The merging of Imperial Group's John Player and W D. & H. O. Wills management activities with HQ in Bristol rather than Nottingham brought some relief but more recently the acquisition by Hanson Trust of Imperial has led to questionmarks over the new owners' commitment to this management reorganisation.

Other major closures took place in Robertsons foods and at the Cadbury factories as well as in St Anne's Boardmills, where more than 1,000 people lost their jobs.

However, these run-downs seem to have largely ended and while Bristol still has a nasty 11 per cent unemployment rate the figure is less than the national average.

The other main worry within the city is that the influx of service-sector firms could be halted by a lack of office space. Only one major office block—the 150,000 sq ft Spectrum House—remains capable of offering the highly sophisticated internal services that modern financial organisations demand. There are other blocks, but not large enough or with the Triple-A stakes.

This is a radical change from even two years ago, when there was virtual oversupply, and 1.5m sq ft was available. Today, the figure is a third of that.

About 600,000 sq ft of office space with planning permission attached is ready to go but with take-ups running well ahead of new starts there is real concern about the possibility of growth being choked off. In December 1981 almost 1m sq ft of space was under construction; at the start of this year only 200,000 sq ft was being built.

This drop is all the more disappointing because the level of interest continues at very high levels. Last year 234 companies located or expanded within the city, half of them new to the area and attracted by the evident success of existing names such as Clerical and Medical, Sun Alliance, Sun Life, Dee Corporation and National Giro.

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Mercantile tradition remains in the blood

WHETHER SID got the message or not about buying British Gas shares, the fact that he was supposed to ring the Share Information Office in Bristol is further evidence of the city's emergence as a financial centre behind London and Edinburgh.

In a study of economic change in the M4 growth corridor entitled Sunbelt City the authors describe how employment in insurance, banking and finance grew by 73 per cent over the decade to 1981 (9,440), more than twice the national growth rate.

Of the financial services available in the city, insurance in particular has contributed to the sector's growth and raised Bristol above the status of a regional centre.

It was the relocation of administrative headquarters from London of four British insurance companies—Phoenix, Sun Life, Clerical Medical and General and London Life—and the setting up of the National Westminster Bank's insurance subsidiary.

Although that "boom decade" is over, and financial companies face certain logistical problems from lack of labour support in the clerical field, a shortage of significant office space in the centre and a limited choice of good quality housing, the relocation factor is still an element in the city's buoyant financial services sector.

Last May, Lloyds Bank announced a reorganisation of its head office accommodation with a plan to move staff, premises, finance and treasury staff of the UK retail banking division to Bristol, and to recruit more than 400 of the 700 employees locally.

A city centre site is under negotiation — under Lloyds Bank's plans former Imperial Group bonded warehouses now owned by Hanson Trust near the docks will be demolished to make way for the new offices—and it chose the central Bristol location in preference to nearly 70 others.

Lloyds gives the same reasons as other institutions for the move: the attractiveness of the city helps recruitment, the communications are excellent and it hopes to have some opportunity to expand. The city's close-knit business community also suggests that a foreign bank is looking at Bristol as a site for one of its operations.

That close-knit atmosphere, which can seem such a dominant characteristic of the city's commercial and cultural life, arises from the mercantile tradition of five centuries and the Society of Merchant Venturers is still an influential voice in the business community.

Mr Nicholas Hutchen, a partner in Stock Beech, a long-established stockbroking firm which has adapted well to life after the revolution in the City of London, maintains that the mercantile tradition remains in the Bristolians' blood and has been reflected in the success of local financial services in the skills of managing money.

The city has a more recent tradition for the handling of unit trusts and many advisers started in the city in the 1970s. The neighbouring counties are relatively prosperous, helping a firm like Stock Beech, which has a private portfolio of £600m and 25,000 private clients. It decided to maintain its regional identity after "Big Bang" after considering the US experience following May Day 1975.

British and Commonwealth Shipping took a 51 per cent stake in Stock Beech allowing the stockbroker, which specialises in putting local firms on to the Unlisted Securities Market, to expand its services, including into market-making. Recently a new financial services group was created when Brint Investments purchased the Bristol bank Tyndall and Co, with its Isle of Man company, and WestAvon, a Bristol investment managing company. Like Stock Beech, the new combined group will emphasise its regional identity.

The Tyndall banking services were part of the Tyndall group bought by Aetna Life (UK) early this year. Later, the life assurance and investment departments were transferred to London, leaving the bank in limbo.

After the management shake-out at Tyndall the combination of the bank with WestAvon—to be called, it is hoped, Tyndall Holdings next April—can be seen as a happy ending.

The city's largest financial institution is the Bristol and West Building Society, which is also the UK's twelfth largest building society with assets of £2.4bn. Like other societies, it has moved to meet the challenge of the Building Societies Act 1986, recently announcing a link with Laing and Cruickshank, the London stockbroker, for offering the option of equity investment through Bristol and West's 170 offices.

That was followed by the society's first move into the estate agency field with the acquisition of a controlling interest in Webbers, a North Devon agency.

Bristol and West has benefited from its strong regional presence and identity—its prosperity has gone hand in hand with Bristol's and with projects such as its housing association it has contributed to the city.

The clearing banks, which all have regional headquarters in the city, are attracted by this atmosphere and the Midland chose the city for a retail experiment which began in July. The bank used Fitch and Co, a London design consultancy, to devise an approach to more open banking.

The result—the first branch was opened in the Broadmead shopping centre and two more will follow—is a breakaway from the traditional retail layout of branch banks towards an open-plan atmosphere with special emphasis on attention and a friendly response to the customers' demands.

This change is due, says Mr John Woolley, Midland Bank area manager, to the needs of the customers—mainly young people who want to do their banking without undue delay. The trend towards using the city for experiments with retail financial services is also reflected by the Quilter Goodison "share shop" in Debenhams department store, claimed to be the first provincial operation of its kind.

Apart from the clearing banks, there are alternatives in such institutions as Hill Samuel, Coutts and Bank of Scotland. Dartington and Co, merchant bank, is an example of a home-grown financial institution which has found a niche where merchant banks from London have failed. It is regarded as very much a local institution by the business community.

Bristol does not pretend to a provincial imitation of London but it has gained from an influx of financial services companies congregating in a "Persian market" effect. The attractiveness of the area—its pleasant environment and the good communications—together with the fact that salaries are lower than in London, still draws interest from large companies seeking to relocate or establish their businesses.

The city's relative prosperity is perhaps its chief asset in confirming its position as a growing financial centre.

Andrew Lynch

Sailing into finance

CONTINUED FROM PAGE 1

In recent weeks inquiries for more than 500,000 sq ft of office space have flooded into the city's Council House and over the past year 1,200 companies, from start-ups to incomers, have apprached Mr West's economic development unit.

"The situation now is rather worrying," admits Mr Edward Atkinson, the Midland Bank's director for the south west region. "This is a very exciting city, full of entrepreneurship and it would be a pity if the bottleneck in office accommodation were to choke off the very high level of activity."

Surprisingly, this level of activity has been achieved despite Bristol's social problems. Racial tension in St Paul's erupted before Toxteth, Handsworth or Southall, and even though this inner-city area has occupied much of the limelight there is probably even more deprivation on estates like Southmead and Hartcliffe.

There is also a danger that Bristol could become two cities: a prosperous centre and north, exemplified by Clifton, which were it in the south of France would be called le plus chic, leafy streets, restaurants, bijou shops, green spaces; and the south and east, exemplified by Bedminster and its vacated industrial premises, building plots, narrow streets and run-down air.

The city is aware of the problems of this part and hopes it can open up the area by linking it with the M4 motorway. "This area has seen more than its fair share of job losses in traditional manufacturing," Mr West admits. "But there is considerable growth in small companies in older premises and the road will release a lot of land for development."

The road, though, is for the middle 1990s and is no palliative for the present. Bristol's north-south divide will continue for the short-term.

Two potential developments that the city is looking forward to with some excitement are a second bridge crossing of the Severn and a Severn barrage.

The bridge, which is emerging from the chrysalis of possibility into a state of probability — the government has made no decision yet, though one cannot be long delayed — would enormously increase interest in Bristol's position as a distribution centre.

But the even-longer term possibility of a barrage "would realy give us critical mass", the Midland's Mr Atkinson categorically states. "It would do more than anything to bring about that desire of the planners 20 years ago, a Severnside region, stretching from Cardiff to Gloucester and round to Bristol.

"This is the only part of the UK that can compete with the properous South East as an economic power base. A barrage would bring that about in the next century."

Till then, Mr John Shore, director of Bristol Chamber of Commerce, backs Mr Atkinson by forecasting a buoyant and properous future. "Our future lies not in propping up traditional areas of industry but in looking for new sectors.

"A lot has already happened. Nationally we have brought in growth companies. Internationally, we are a favourite place for American investment."

Bristol prides itself on its quality of life, ease of access and good labour relations. Those qualities have been nurtured over the centuries, Mr Shore says, and they will stand the City in good stead in the years to come.

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Assembling wings for the European Airbus at the BAe works

Aerospace

£600m pump for the economy

ALTOGETHER, the aerospace industry is the biggest single employer in the Bristol area—indeed, the biggest single industrial employer in South-West England — primarily through British Aerospace and Rolls-Royce but also including the many suppliers to the industry.

It is estimated that the aerospace industry in all its forms pumps more than £600m a year into the economy of the South-West region, much of it into that of Bristol and its immediate surroundings both directly through the wages of some 24,000 workers and through the vast range of goods and services that the industry requires.

It has been so for many years, for Bristol's association with aviation reaches back before the First World War, to the dawn of powered flight in Britain, and it since has remained one of the main centres of the industry.

Sir George White, a rich and successful tramways and omnibus pioneer, set up the British and Colonial (later renamed "Bristol") Aeroplane Company in 1910 at Filton (then the northern end of the tramline from the city centre), at first building airframes and later also engines.

Both sides of the industry, airframes and engines, have been associated with the city ever since.

They are still close, on opposite sides of the big main runway at Filton. British Aerospace has emerged through a long process of amalgamations, from the Bristol Aeroplane Company through British Aircraft Corporation and Hawker Siddeley Aviation to BAe.

On the other side of the runway, at Patchway, Rolls-Royce today occupies the factories it inherited when in 1966 it took over Bristol-Siddeley Engines, a company which had in turn been formed in 1958 by the merger of Bristol Aero-Engines and Armstrong-Siddeley Motors.

Bristol Aero-Engines itself was a direct descendant of the original aero-engine interests of the Bristol Aeroplane Company.

The city has thus been associated with aviation in all its forms for close on 80 years. It has witnessed the birth of many famous aircraft—the Brabazon airliner, the Britannia turbo-prop airliner and, more recently, the Concorde supersonic airliner, to name only a few. Today it also has an important part to play in space and guided weapons.

Of the 76,000 people employed by British Aerospace at more than 20 different locations around the UK and overseas, more than 10,000 work at BAe's Filton factories, making it the company's biggest single site.

Besides those 10,000, it is estimated that as many as 5,000 further jobs in the South-West are provided through sub-contractors and suppliers to BAe. Apart from the direct BAe payroll of over £200m a year pumped into the region, BAe at Filton spends at least another £130m a year on goods and services of all kinds, a high proportion of which goes to companies in the South-West.

Moreover, BAe factories in other parts of the country put work valued at well in excess of £75m into companies in the South-West, covering not only machinery and technical services but everything from soap to computers.

It is estimated that, as a result, including BAe workers and their families and all those in the ancillary support industries, BAe's activities alone support some 35,000 people in the region.

Airframe activities have always been more dominant at Filton, and today the BAe factories there are busy on a variety of civil and military ventures.

These include the large contract for refurbishing US Air Force swing-wing F-111 fighter-bombers, the manufacture of fuselage parts for the BAe's own Type 146 four-engined jet feeder-liner, and, most significantly, the completion of wing assemblies for the range of European Airbuses, especially the latest A-320 model.

The A-320, a narrow-bodied, twin-engined jet designed to carry around 150 passengers on short-to-medium range services, is due to make its maiden flight next spring from the central Airbus factory at Toulouse, France, with the wings built by BAe in the UK.

A large new £6m-plus wing assembly building has recently been opened at Filton close to the giant hangars that once saw the manufacture of the Brabazon, the Britannia and Concorde airliners and are still fully used on other aircraft work.

Looking ahead, British Aerospace has asked the Government for up to £750m in launching aid for its participation in the next Airbus venture—the A-330 twin-jet short-range 330-seater and the four-jet long-range A-340.

Both airliners are required for service from the early 1990s and will widen the Airbus product range to enable it to compete more effectively with the US giants, Boeing and McDonnell Douglas.

BAe's share of the venture, if approved by the Government (a decision is likely early in 1987), will again be on the design, development and production of the common wings for both Airbuses, with Filton as the main centre for the final assembly of basic wings manufactured at Chester and taken to Filton by road, together with parts from other BAe factories.

The finished wings will then be flown, as for the A-320 and other earlier A-300 and A-310 Airbuses, to Toulouse by specially-modified Super Guppy airfreighters.

Apart from its civil aircraft engineering, British Aerospace's Naval Weapons Division is also located at Filton, with a section at Weymouth, employing about 4,860. Products include the Seawolf ship self-defence anti-aircraft and anti-missile missile, and Sea Dart, a multi-rôle, anti-aircraft and anti-ship missile.

Lightweight versions of both weapons are being developed, plus VL Seawolf, a major programme for a vertically-launched version of that missile. The Division is also responsible for ship-launched variants of multi-role anti-aircraft and anti-ship missile.

SCADS (shipborne containerised air defence system) is another Divisional responsibility. SCADS is a technique for rapidly converting merchant vessels into warships by fitting them with both offensive and defensive containerised weapons systems. The Division is also extensively engaged in underwater weapons.

Also at Bristol is one of BAe's two design and development facilities of the Space and Communications Division (the other being at Stevenage). Giotto, the scientific spacecraft successfully sent to intercept Halley's Comet earlier this year was built in Bristol. Other space projects include the solar arrays and Photon Detector Assembly for the joint US National Aeronautics and Space Administration and European Space Agency Hubble Space Telescope. Skylark sounding rockets are also produced at Bristol.

By the New Year these divisional relationships will have been revised, with the formation of a new Naval and Electronic Systems Division incorporating the existing Naval Weapons Division and the Electronic Systems and Equipment Division now at Bracknell and Plymouth.

The new division will have its headquarters, and most part of its activities, in Bristol, thereby achieving better marketing and co-ordination of business, although it will serve all parts of British Aerospace.

Michael Donne

Rolls-Royce

Partnerships in power

THE Rolls-Royce factories near Bristol comprise the main part of that company's Military Engine Group (another element of the group is at Leavesden, Hertfordshire). It involves a wide range of engines for vertical-take-off and landing jets, helicopters and fixed-wing aircraft, as well as research on several important new programmes of great long-term significance to the UK and world aero-engine industry.

It is estimated that Rolls-Royce and its suppliers put more than £200m a year into the local economy. During 1985, out of Rolls-Royce sales of more than £1.6bn, UK Ministry of Defence and overseas military customers accounted for some £735m, much of it stemming from activities at Bristol.

Rolls-Royce employs some 8,700 in the area, to which must be added all its ancillary support services and suppliers.

The Rolls-Royce Bristol operation is responsible for the UK's share of the Turbo-Union RB-199 turbo-fan engine for the Tornado multi-role combat aircraft, (the other partners are Motoren und Turbinen Union of Munich and Fiat Aviazione of Turin, Italy), with to date more than 1,600 RB-199s produced.

Other programmes include the Adour jet engine for the Hawk trainer and the Anglo-French Jaguar jet strike/trainer aircraft; the Pegasus vectored-thrust engine for the vertical-take-off Harrier fighter and its advanced version, the Anglo-US AV-8B; the smaller Viper engine for trainer and strike aircraft; and the Gem, Gnome and the new RTM-322 units for helicopters.

A new programme likely to bring to the Bristol area as much, if not more business, as the RB-199 is the power unit under development for the European Fighter Aircraft (Eurofighter or EFA). Working jointly with MTU, Fiat and SENER of Spain, Rolls-Royce at Bristol is developing the EJ-200 advanced fighter engine, through a multi-national company, Eurojet Engines.

As currently envisaged, at least 800 twin-engined Eurofighters will be acquired by the four nations involved in the venture. So including spares, well over 2,000 EJ-200s are likely to be needed, with the strong possibility of export orders in addition. The engine programme, and the airframe programme, are thus likely to run well into the next century, maintaining a high level of employment and technical innovation in the area.

The Pegasus engine in the VTOL Harriers and AV-8Bs is also certain of a long continued life. The Harrier and Sea Harrier are still in production, and the Anglo-US joint programme on the AV-8B is now well into its stride, and is likely to result in orders for up to 450 Pegasus engines, designated F402-RR-406.

In addition, the RAF has an initial requirement for 62 Advanced Harriers, known as the GR5s, using Pegasus engines.

Rolls-Royce and its suppliers put more than £200m a year into the local economy

Similarly, the Adour engine, developed by Rolls-Royce and Turbomeca of France, powers both the Hawk and the Jaguar. Two new versions of the unit are being developed, the Mk 871 for the single-seat Hawk 200 light fighter, now under development by British Aerospace, and the Mk 861-49 for the T-45A Goshawk trainer, of which a substantial number will be built for the US Navy, again in conjunction with British Aerospace.

Looking ahead, work is already under way at Bristol which could lead to ground and flight testing of a new derivative of the Pegasus engine involving "plenum chamber burning." This technique substantially increases the power output for possible use in a supersonic vertical and short take-off and landing (V/STOL) fighter for the later 1990s or early next century.

At the same time, secret work is under way on the design of engines for use in the proposed Hotol (Horizontal Take-Off and Landing) "transatmospheric vehicle" or "aerospace plane" able to use runways for take-off and landing like normal aircraft but when airborne able to soar into near-Earth orbital flight and land safely after each mission.

Work on Hotol is still in the preliminary stages, with limited Government financial support. But it is hoped that in the fairly near future decisions will be taken that could promote the venture to the full status of a European space programme.

Bristol's reputation for the exploitation of high-technology extends to other companies besides Rolls-Royce and British Aerospace.

One such company is Radial Turbine International (RTI), set up to exploit a new design of turbine developed by Kongsberg Vapenfabrikk, of Norway. Named DURA, it is claimed to achieve a fuel consumption "significantly lower than that of the best internationally available state-of-the-art turbines and even approaching that of high-speed diesel engines."

RTI has been under contract to the US Defence Advanced Research Projects Agency (DARPA) for more than three years to design, procure and demonstrate a turbine based on RTI's advanced technology.

RTI claims that DURA technology is especially competitive in the 400 to 4,000 kW range and it foresees extensive uses in both commercial and military surface propulsion on both land and sea, with general industrial applications also possible. Eventually, its use in aviation is likely.

Near Bristol, at Banwell, Weston-super-Mare, is BAJ, an important contributor to the UK guided-weapons industry. Known originally as Bristol Aerojet, and then BAJ Vickers, it derived from the former Bristol Aeroplane Company but is now independent, after a management buy-out from Vickers last year.

The company employs about 530 and among other products makes motor cases for such missiles as Seawolf, Skyflash, Seacat and Sea Skua. It has also played a significant role in the Chevaline nuclear warhead programme for the Royal Navy Polaris missiles. It recently expanded by setting up a Composites Division, specialising in the manufacture of filament-wound components from glass and carbon fibre.

Michael Donne

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Polytechnic

Commitment to community

ONCE A week a student drives from Hungerford in Berkshire to Bristol for an evening class at the Polytechnic. Another comes for a day's work from Swansea.

The commitment of these students pays testimony to the college, one of the largest in the UK. That commitment is reciprocated by the college to the community.

"We are absolutely committed to working with Bristol's industrial, business and professional communities," says Mr Peter Holmes, the college's assistant director responsible for external affairs.

"Many concerns, national as well as local, have found to their benefit that we are a resource which can be used to solve a variety of problems."

The word "resource" is much used within the college; heads of departments quote it frequently and with conviction. And it is a concept that appears to be appreciated within the city for the links between the two are close.

Bristol is now the third British city after London and Edinburgh in the insurance world. Ten years ago the polytechnic had 16 students on its insurance course and was considering closing it. With the arrival of the big insurance companies this area has boomed: there are now 485 students on these courses. The "resource" is much in demand.

The traffic is not all one-way: "For some courses," says Mr Holmes, "we provide the space within one of our buildings" (the polytechnic is on six sites around the city, taking in teacher and nurse training as well as other academic disciplines). "At other times, we go out to the company and either hold or organise work within their premises. The idea is to be as flexible as possible to cater for the needs of industry."

The response from industry has been gratifying. Organisations ranging from Alexandra Workwear, to Wiltshire County Council have joined forces at one time or another.

Others that have linked with the polytechnic include Borg Warner, Courage, Du Pont, Hewlett - Packard, Plessey, Philips, St Ivel and Touche Ross. More than 100 companies or organisations have taken advantage of the facilities since the polytechnic was formed in 1969. Du Pont has even founded a fellowship.

The companies gain in another way. The polytechnic taps a national catchment area for its first-year students, but almost half its graduates find work in the local economy. Among part-timers the figure is nearer 80 per cent.

"There is ample evidence that companies like our students," Mr Holmes states. "Wimpey takes up to 20 of them on six-month courses, an excellent way of getting to know their capabilities, much better than is possible from an hour-long interview."

There is also a teaching education scheme, under which engineering graduates spend up to two years with a business under the joint supervision of the college and the company.

The main scheme has been with British Aerospace, which took five students, of whom three stayed at the end of the period. The other scheme was with five small Gloucestershire concerns that needed an introduction to new technology.

Cheltenham Induction Heating admits that its graduate helped put the company on a rising trend and, helped build overseas earnings.

Another area in which the college is deeply immersed is quality training, much in demand at companies like GKN and Jaguar. Bristol Poly is particularly associated with Ford's programme. The motor group insists that all suppliers have quality training programmes and the college provides video packs for those which do not have the resources to undertake their own training; the Poly also does other work in conjunction with the Ford programme.

That work is now bringing in £150,000 a year. Non-government funding within the college has increased significantly in recent years and should reach about £1.5m this year compared with £400,000 just three years ago.

Bristol Polytechnic has increasingly tailored its activities to new areas. This change is an example, Mr Holmes believes of the way polytechnics are adapting to industry's needs.

Anthony Moreton

Hotels

Conferences demand new centre

BRISTOL needs a conference centre badly. Without it the city will not tap a business which brings considerable income.

There is also need for more hotels. It is extremely difficult for much of the year to get a room in a four-star hotel from Monday to Thursday and extremely easy over the weekend. Conferences and hotels go hand-in-hand.

Conferences opting for Bristol have the choice of the university, which can handle about 1,200 delegates; as the British Association did this summer; the Watershed, part of the new development along the inner docks; or one of the hotels.

The Watershed can handle about 400 people and the major hotels slightly fewer. None has the facilities that a high-spending international conference requires, such as multi-lingual translation or small, specially equipped rooms enabling the conference to break into smaller units within the same building.

A centre able to handle up to 1,000 delegates would admirably complement Bristol's facilities. But it would need more hotels and on this front there is some movement.

Bristol's main central hotels are the Holiday Inn, the Grand (part of the Mount Charlotte group), the Unicorn (Rank) and Ladbroke's Dragonara. In Clifton is the Avon Gorge, also part of Mount Charlotte, and at the entrance to the city on the M32 motorway is the Crest.

The Royal needs to be redeveloped. It occupies perhaps the best site in the city, at the bottom of Park Street facing College Green and the Council House. It has lain empty and increasingly derelict for years, the victim of a succession of different owners who never managed to start anything.

Now it is in the hands of Beazer, the fast growing building group based in Bath. A competition to develop the hotel has been held, though pessimists think it could still be years before work is started.

There are hopes that another hotel could be built on the Canon's Marsh development. But what the city desperately needs, according to Miss Avril Jones, of Bristol Marketing, is a two-star hotel or low budget hotels to cater for families.

"This would allow us to develop the marvellous facilities that have been created alongside our waterfront," she says.

"On a fine summer's evening Bristol has a Continental appearance. Crowds walking, sitting out with a drink or a coffee, events taking place. A small, budget hotel bringing in families would make the world of difference."

From the former hydraulic engine house at the entrance to the docks (now a pub), past the floating harbour, the SS Great Britain, Albion dockyard (where boat building and repair has been resurrected) to the industrial museum, the floating harbour and the Arnolfini contemporary arts complex, the waterfront has been rebuilt and redeveloped in a way that people are being brought back into the area.

Miss Jones says that "people are now beginning to live in the centre once more. One development off Wapping was quickly over-subscribed." Bristol is very continental.

Mr Marco Pasquale, general manager of the Holiday Inn, agrees. Born in northern Italy, he worked in France before arriving in Britain some 17 years ago. "Bristol is a vibrant city. It can accommodate visitors and it can amuse them. It is very continental indeed."

Anthony Moreton

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Wine

Merchants live on in specialist niche

FIFTY YEARS ago ships laden with sherry from Jerez, Spain, or port from Oporto, Portugal, not to mention claret from the Bordeaux region, used to take their cargoes up the River Avon right into the heart of Bristol.

The barrels were rolled up Denmark Street, into the cellars for storing and bottling. Bristol was bustling with importers, bottlers, merchants and others who made up the wine trade.

No longer. The docks in the city centre have been filled in and flowers grow where ships tied up. Many wine importers have gone too. But Bristol is still one of the most important wine centres in Britain—the most important, undoubtedly, for port and sherry and a powerful force in other wines—though only two big names—Harveys and Averys—survive.

Both Harveys, now part of Allied Lyons, and the fiercely independent and still family-run Averys, are still very much in business after two centuries. There are few others. Bristol Brandy is attempting something of a comeback after raising money through the Business Expansion Scheme, Saccone and Speed, part of Courage, has a bottling plant, and there is the small Phillips concern.

The big change has been the emergence of the supermarket chains as bulk buyers. Sainsbury, Asda, Marks and Spencer, Tesco and others buy in such large quantities that they have by-passed the traditional merchants.

They go direct to the growers and force through their sheer buying power price concessions that no specialised merchant could obtain.

Despite this trend—and the more recent move by the supermarket chains into selling fine wines—the merchants have responded by establishing a niche in private customers and speciality shops.

"The problem facing a small, independent firm such as ours," Mr Richard Meyer, a director of Averys, says, "is the conflict between margin and overheads. The power of the chains is enormous and they screw down the suppliers.

"Fortunately, there is a great deal of respect for tradition in the business and so we can always find supplies.

Despite these new challenges Mr Meyer finds the wine trade "most exciting." Consumption is growing, and so is wine appreciation.

Another executive who finds the trade exciting is Mr John Barrett, managing director of Bristol Brandy, which raised £500,000 a year ago to finance an expansion of stocks.

The company started as Westol Wine Consultants, with port and claret, but has built up a trade in brandy to the point where it is now a leader in Early-Landed Cognac (ELC).

This is the nearest thing there is to vintage brandy and, because of British law, the UK is almost the only country where it is possible to obtain it.

The Cognac area of France is often hot and dry in summer. There is a high rate of evaporation in the cask which the French put right by topping up. UK Customs and Excise does not allow such a practice, so any Cognac brandy brought to Britain, where the lower temperature and higher humidity in any event do not lead to such evaporation loss, means that early-landed cognac bottled in Britain in much more like the true vintage than that obtained in its country of origin.

"Bristol will always be a centre of the wine trade, says Mrs Mary Bailey of Harveys, because "more people are appreciating wine and more people are appreciating better wines."

She points to what is now the museum in the cellars where Harveys used to bottle all its wines. Almost all wine is now bottled at source. Tour parties of up to 50 people arrive, sometimes twice a day, for a visit and a wine tasting.

Anthony Moreton

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Les Wilson, director of Bristol airport at Lulsgate

Port and Airport

Drive to regain profitability

"SHIPSHAPE distribution Bristol Fashion," is the Port of Bristol's new advertising slogan. It is not only a neat rephrasing of a familiar saying which has long emphasised the city's maritime traditions but also summarises the marketing-led drive by which the port is seeking to regain profitability.

The year began with a blow to morale, however. Bristol lost its contract for the import of Fiat cars from Italy to Southampton. But against that it has since had the big boost of a new contract for the annual import of 20-23,000 Honda cars from Japan.

This in addition to its longer-established contract for handling 60,000 Nissan cars a year for distribution in southern Britain and 30-35,000 Vauxhall Novas from Spain. It opens the way for the Port of Bristol Authority (PBA) to expand its Japanese trade in other directions.

Other useful gains include a big Westar Canadian timber import contract (which has exceeded its projected 90,000 tonnes a year throughput within eight months), a new Russian wood pulp contract involving landings of 10,000 to 20,000 tonnes a year, and a European fertiliser import contract.

This new business has been secured against a background of change in attitudes and organisation. "There is now a recognition that we have no divine right to any cargo, that we are only as good as our last ship, and this better attitude is beginning to be noticed outside," one port executive commented.

Three years ago the future of the whole dock complex seemed to be in doubt. A heavy capital debt burden from the construction of Royal Portbury dock in the 1970s, the recession in overseas trade, the general drift of Continental trade to east coast ports and indifferent labour relations were all causing ever bigger losses.

With the ratepayers having to finance a deficit amounting to 17p in the pound it was also becoming a political embarrassment for all concerned.

But on merchant banking advice the capital debt was radically restructured by the City Treasurer. A £55m loan was raised against the council's exceptionally large (for a local authority) holdings of land, to be paid off by gradual land disposals.

This provided the breathing space the PBA required to take cost-cutting and other measures to improve efficiency as well as step up the drive to attract more business. But the PBA still has some way to go. According to its most recent annual report, losses in 1985-86 increased from £3.9m to £4.3m in the year to last March 30.

But half the deficit was accounted for by exceptional costs associated with a reduction of 212 in the authority's workforce to just over 1,000 over the period.

The deficit on port trading actually fell by over £500,000 to £2.1m, thanks to an 8 per cent volume increase in the port's trade to 3.25m tonnes.

Now there are further cost savings to come in this year's accounts, since last year's figures only partly reflect a big shake-up in the PBA's administrative and commercial structure begun early this year.

Mr Gordon Scott Morris, previously port director, was appointed marketing adviser to the City Council and Mr Nasim Ahmed, previously port engineer became port manager.

Completing the round of changes was the appointment in April of Mr Brian Tufton as chief commercial officer to head a team of three commercial executives specialising in developing the port's trades in timber, bulk cargo and general cargo respectively.

The next stage in the fight back to profitability will depend on the outcome of a strategy study by independent transport consultants on how the port should be further developed and, in particular, whether more money should be invested in Royal Portbury to increase its operating capacity.

Opened in 1977, Royal Portbury still has only three of its six planned berths in operation. But further investment, while it would reduce unit operating costs, could also have implications for the future of the older docks at Avonmouth.

Inland, the municipally-owned Bristol Airport at Lulsgate has invested £6m since 1982 to double its handling capacity to about 1m passengers a year.

Passenger traffic has bounced back after a sharp fall in 1985-1986. In the first half of the season up to September 30 the numbers using the airport had reached a record 345,000 compared with 305,000 in the same period a year earlier, and 328,000 the year before that.

This 13 per cent jump is mainly attributable to increased holiday charter business, most of it, of course, generated by the UK internal traffic. But determined moves are now afoot to promote the airport to Continental tours operators as the gateway to the West Country.

At the same time Lulsgate has seen a welcome increase in its range of scheduled services. It now offers flights to a wide variety of destinations at home and abroad, with services provided by Aer Lingus, Lufthansa, Air France, Dan Air and Brymon.

Mr Les Wilson, the airport director, is seeking a carrier to serve the 39,000 passengers a year who, market research has revealed, now travel from Glasgow to the West Country by way of Heathrow.

Robin Reeves

Rapid transit rail plan

PLANS TO develop an Avon rapid transit system, at a cost of £350m, to serve the city and its surrounding area have just been unveiled by a private consortium chaired by Mr Richard Cottrell, MEP for Bristol.

The project from Advanced Transport Avon envisages bringing back into operation some British Rail lines not now in use as well as the building of an underground section to serve the city centre. It follows the example of the new Tyne and Wear Metro, though it is proposed to pay for the right to use British Rail tracks rather than buy them outright.

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South Bristol

Blackspot for job losses

IT CAME as a surprise to many other parts of the country when, during the last review of regional policy two years ago, Bristol made a concerted bid to acquire development area status.

Although the city has a generally prosperous air, there are pockets of inner city dereliction and a less localised economic problem in the south of the city which encouraged the council to seek Government regional assistance, albeit without success.

Between 1971 and 1984 manufacturing employment in the Bristol area fell from 107,000 to an estimated 78,000. All the major industries were affected. The paper and packaging industry has lost 6,000 jobs and the aerospace industry a further 5,000, while the mechanical engineering and tobacco and food industries each employ 4,000 fewer people than they did 13 years ago.

But a notable feature of the job losses has been their tendency to be concentrated in south Bristol, whereas new employment opportunities have been arising either in the city centre or on the northern outskirts.

The Bedminster-Ashton area, traditional home of the tobacco and its related packaging and engineering industries, is reckoned to have lost some 9,000 jobs and neighbouring Brislington a further 4,000 jobs. Brislington suffered the closure of St Anne's Board Mills with the loss of 1,800 jobs, Bristol's biggest single industrial closure since the 1939-45 war.

The City Council recently made a careful analysis of the problem, using a number of indicators of socio-economic deprivation such as low incomes, unemployment and poor living conditions.

The resulting report, Poverty in Bristol, has closely identified the problem districts which between them contain about 80,000 people or a fifth of the city's population.

But the report also points out that there is no simple relationship between the change in the number of jobs and the local unemployment rate. The St Paul's area is within easy walking distance of the central area where there has been a growth in service jobs totalling at least 16,000 over the past 15 years.

The southern suburb of Hartcliffe has benefited from a new tobacco factory. Yet both districts suffer exceptionally high unemployment levels.

Removing the most obvious weakness in south Bristol's economic infrastructure — its relative inaccessability — will not automatically solve the area's unemployment difficulties, welcome though construction of the £42.5m Avon link road will be.

First work on the key eight-mile section, running from Hambrook interchange on the M32, in an arc around the eastern suburb of Kingswood, through Brislington, Hartcliffe and Withywood to Ashton, is to begin in January.

Its completion in 1992 will obviously help a range of other projects designed to revive and strengthen the economy of south Bristol.

Prominent among these is the City Council's development of a new 40-acre business park at Hawkfield Meadow in the district of Whitchurch. This has already received a big boost through the decision of Gateway Foodmarkets to purchase 15 acres of the park as the site for its national administrative headquarters.

Comparable redevelopment is expected on the site of the former St Anne's Board Mill, where some five acres is being reserved for industrial development, and the rest allocated to retail use.

There are several other industrial sites of five to six acres in the south of the city for which the council is hoping to attract manufacturing companies.

It is hoped that some of them will be home-grown. Brislington is already benefiting from an influx of small, high-tech companies taking advantage of the availability of cheap, if shabby, premises to get their businesses going.

The inner suburb of Bedminster is also on the brink of big change. East Street, a sub-regional shopping centre of long standing, is about to undergo a facelift with the introduction of pedestrian zones, while Asda has embarked on a major redevelopment of the tobacco and related industrial buildings.

While Bristol failed to win assisted area status, the EEC is now channelling nearly £1m a year from the European Social Fund into training schemes, matched pound for pound by the City Council.

Robin Reeves

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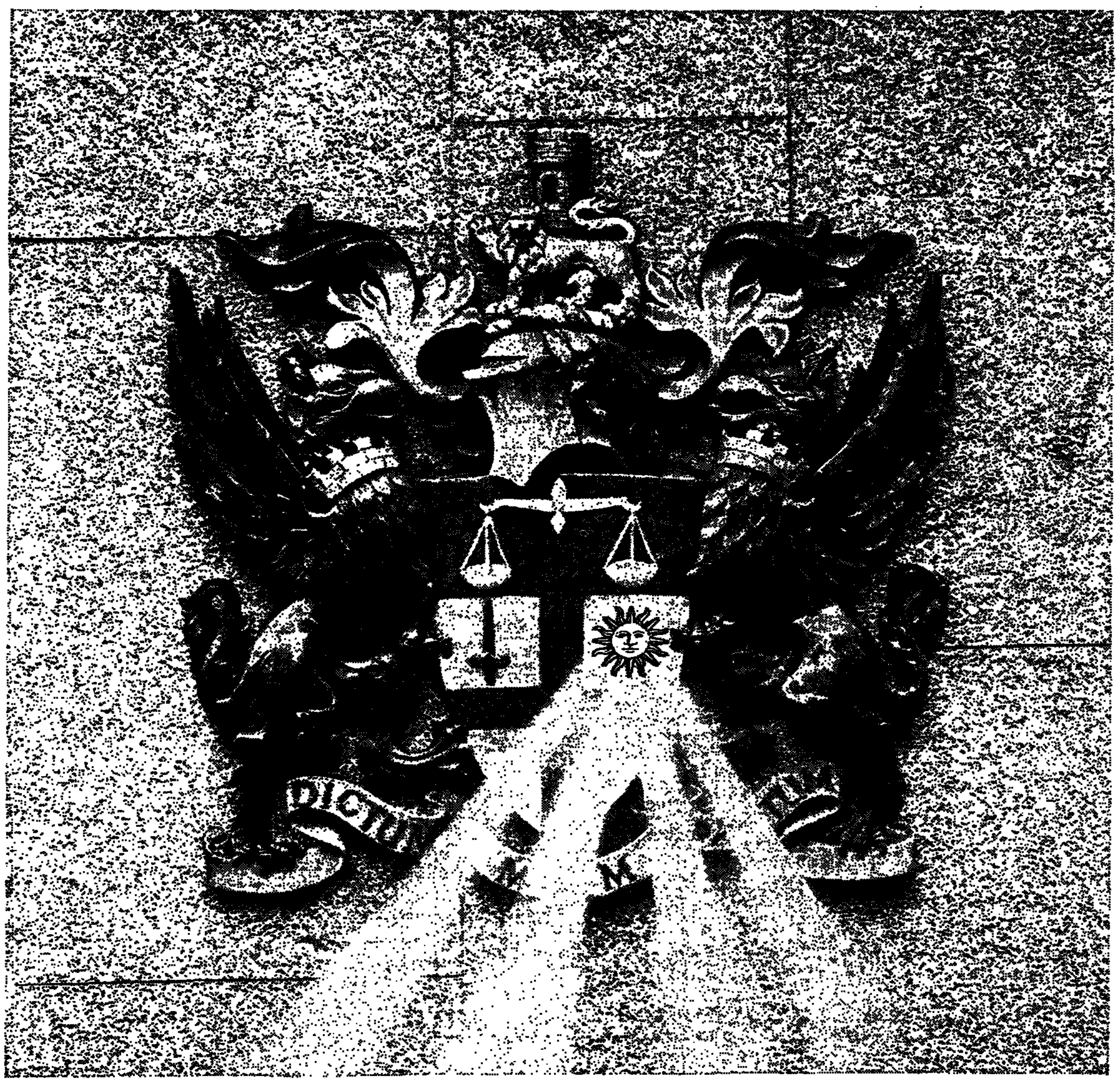

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*Source: Money Management, September 1986, £1,000 invested over 1 year.

Bristol 6

Property

Time for fresh investment

BRISTOL HAS a shortage of office space, a diminishing supply of industrial property, a lively residential market, the biggest area marked for conservation of nearly any town in the UK and a major controversy about shopping.

It is, say local businessmen, time that the institutions came down and *had a look about.* It is time for new investment.

Bristol is in a favoured position: good motorway connections, easy access to London, Heathrow Airport and the Midlands, and at the end of the high technology industry corridor. All of which means, according to St John Hartnell, of Hartnell Taylor Cook, that the business coming to Bristol is white collar. If it goes to the Aztec West business park, the business is communications and electronics: if it goes to the centre, it is insurance and banking."

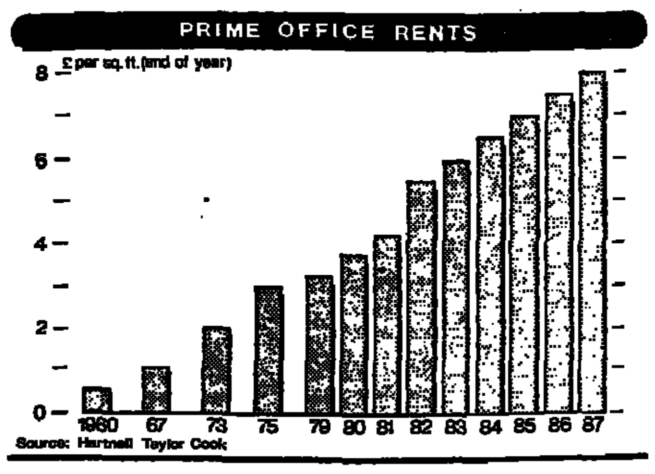
In planning, and hence property terms, there is a challenge. "Bristol is trying to walk the tightrope," says Mr Craig Begg, a planning lawyer at Lawrence Tucketts.

"It is trying to re-equip a country town with high-tech facilities, out-of-town shopping and motorway access to the centre of the city. It is a test bed."

Tension between Bristol and the areas which surround it is inherent in this. "The districts find it difficult to co-operate. The city boundaries are tightly drawn and any greenfield site will be outside," Mr Begg says.

That tension has become most acute in the dispute over the viability of inner city shopping and out-of-town development. "What we need is a master plan drawn up by all the local authorities which says what the centre of Bristol is all about." Mr Begg says.

The centre of *Bristol is* all about shortage. It has become something of a mecca for insurance companies, but if any more want to come they would find large office space difficult to find unless they build their own.



"The office market has a tendency to work in peaks and troughs. We are climbing to another peak now and no new space is coming. We don't want major enquiries from larger companies then find there is no offer of stock," says Mr Jonathan Carey of agents J. P. Sturge.

"Last year we had a half dozen enquiries for between 50,000 and 150,000 sq ft. Of these we were able to satisfy 40 to 50 per cent. Next year there will be difficulties in coming up with a choice."

Generalisation is difficult in a segmented market. but the broad availability of office space has been dropping since 1984-85 when there was 1.57m sq ft. For 1987-88, Sturge is estimating vacant space of 700,000 sq ft in units of more than 5,000 sq ft.

Not surprisingly, rents have consistently climbed, so that at a current £ a sq ft, they are higher than in any other provincial city and look like going higher still.

"*There is an hiatus in the* market," Mr Hartnell says. "But the planners are much more positive in their approach to new buildings.

"There had been a short-lived moratorium on certain types of office. Offices are now being built on the basis of £10 a sq ft, even though the highest rent recorded has been £8.25."

Mr Carey says there are *only* two buildings of any size available for letting. One is Spectrum, owned by Prudential Assurance, which Hartnell Taylor Cook had been trying to find a single tenant but *now* have authority to sub-divide. The second is Lombard Centre, destined as a head office for Imperial Group before it was taken over by Hanson Trust.

King's Orchard was lost from the market when Sun Alliance, the owners, decided to occupy it, strengthening the reputation of the city as an insurance centre.

While it appears that occupants of offices are prepared to accept the jumps in rent, this is not the case with industrial property, Mr Hartnell says, even though there is a shortage of space.

"Nobody has built speculative industrial space for four or five years," he says. There had been heavy over-supply—rents had *not budged from £2.50 to £3.10* a sq ft.

"Now the demand has increased and rents have moved slightly to £3.50 and yields have dropped."

There has been a concentration of industrial development to the north and north-east of Bristol, centred on the M4/M5 interchange, Mr Carey says. The other *major* centre is east Bristol, around Yate. Slough Estates and Pearce Developments are strong in the region, he says, having built land banks.

The future looks uncertain. "Institutions want a yield of 9 per cent on industrials. But the costs of building are £25 and the rents £3 to £3.50. So there is no *margin* for the land value." says Mr Hartnell.

"The developers are keen to build, the tenants are keen to take space but there is no money for the landowner. The *result* is that it is better for landowners to build houses."

Some big industrial complexes had been sold to residential developers, such as former factories owned by BAT. The *city authorities have* been keen to encourage residential development and the pressure of incoming businesses has increase demand. House prices have increased 12 per cent this year.

It is symptomatic of the confidence of the developers in the region that over the nex 10 to 15 years what is in effect a new town of up to 25,000 people is planned north of the City at the M4 M5 interchange. Travers Morgan, consulting engineers say work on the infrastructure would start shortly.

The good roads have allowed incoming residents to search wide around the city. "The differential in prices of Bristol and the south-east is now not that wide," said Mr Carey.

The equivalent of a £200,000 residence, in London would probably cost £175,000 in the Bristol area, and there is a shortage of properties in the middle to upper range.

Inside the city, arguably the most successful developments have been the flats and houses on the old waterfront.

Paul Cheeseright

Quality of Life

A bit of the best of both worlds

IT IS with a certain ambivalent pride that Bristolians point out *that the St Paul's district* erupted in riots in 1980, a year before Brixton or Toxteth, and that there was a police liaison committee in Bristol before Lord Scarman commended the idea to the rest of the country.

What they mean is that this is a real city, a place where in much of British history some important events occurred first, bad though many of them were. Indeed, it was the 1831 Reform Bill riots in Bristol that led a horrified Parliament to legislate for paid police forces.

Wanting to be recognised in this way is symptomatic of a charming provincial innocence that has managed to survive in the city in spite of the pretentions about being grown up. Those who admit this, and don't care *that* both the *city's* football teams are in the Third Division, usually call it having the best of both worlds.

These two worlds are perceptible in almost all daily life in Bristol. Like the architecture, the good and agreeable must share centre stage with 1960s vulgarity and an archipelago of grotesque inner-city dereliction.

Indeed, one can make one's way to the opera or ballet in the *lovely* Edwardian Hippodrome with eyes fixed ahead, ignoring the Great British Burger joint and the dismal boarded-up shops that flank the theatre. One gets used to it.

That—and Hitler's bombs, of course—have saved it from being pretty but almost boring, like Bath, 12 miles to the east, which it is nonetheless pleasant *to be near.*

The innocent side of Bristol's charm many will argue, has in any case been enjoyed at the expense of others' grubbiness. Indeed, the official guide itself frankly tells visitors that "Bristol grew rich on slaves, sugar, rum and tobacco," in a sense the early equivalent of a service economy.

Not everyone has forgotten the "racist" associations of Whiteladies Road and Black Boy Hill on the way up to the breathtaking Clifton Downs above the Avon Gorge, even if today one goes there to get away from the busy centre. The fresh breezes and sheer beauty up there conspire with the solid comfort of genteel and elegant Clifton and Clifton Village to ensure that grubbiness is *not* to be tolerated.

Since Oliver Cromwell demolished the apparently magnificent Norman castle in the city centre in the Civil War because he wanted to deny it to his enemies, Bristol has been used and abused by its own inhabitants and grown more than its fair share of carbuncles.

It should not be forgotten, however, that for many centuries—long before the Victorian growth of Birmingham, Manchester, Liverpool and Leeds—Bristol was England's second largest city.

It has, indeed, always behaved like a real city. The theatre is innovative, the jazz is abundant, and the contemporary arts and "media" have exceptional homes in the Arnolfini and the Watershed opposite each other at the well-redeveloped dockside. At the *same time the fortnightly* listing magazine tells you where to attend Circus Skills for Beginners courses or the time of the Anarchists' Smash the Rich Scumbags annual march.

There are more notable annual events in the World Wine Fair, the new Wildscreen wildlife film festival, a host of water and dockside events and the spectacular International Balloon Fiesta that draws about 80 hot-air teams and 200,000 visitors. This month Bristol and other places in the county of Avon have hosted a month-*long poetry festival accessible* to all.

The university provides an exceptional cultural and educational diet for the city. Bristol enjoys one of the closest town-gown relationships of any UK university centre.

Indeed, apart from the all-night blues haunts of St Paul's, it is accessibility that makes these activities special in Bristol. They also happen at a leisurely pace typical of West Country life.

The city still has fewer yuppies than hippies, many of them well into their 40s but loyally keeping their VW beetles and vans in which they drive to the scores of summer festivals including Glastonbury in the West Country.

Bristol suits them because as a base it is stimulating and manageable but not threatening. As one "labourer-actor-poet" is reported to have said, with a West Country burr, of course: "Bristol? There's a lot going on here but not a lot happening."

The name of the city is derived from the medieval "Brigstowe" (bridge place). Bristolians, however, have long had a peculiar habit of adding the letter "l" to words ending in a vowel (for example, "Jamaical" for Jamaica) so in time "Brigstowe" became "Bristol."

The city council has long had a Labour majority, a Left-wing island in the Tory sea that washes into the city from the outer suburbs and surrounding rural areas. The council has itself indulged in a good deal of its own non-conformism, though *always, it seems, informed with* that characteristic provincial innocence.

Last summer, the city council passed a motion banning the import of South African goods through the port it administers. It turned about full circle in 24 hours when the unions led its Labour leaders into one of those smoke-filled rooms that were the early domain of the bulky and formidable Ernest Bevin, the post-war Labour Foreign Secretary who started his long political career organising Bristol dockworkers.

The whole embarrassing episode led the Tory leader, Mr Bob Wall, to remark dryly that for once he was glad to see that the unions still ran the Labour party. There is a wry sense of humour in civic *politics here.*

The innocence cannot be hidden even by the earnest black youngsters of St Paul's who grow dreadlocks to look fierce, but don't, and say nasty things about *policemen,* which the tabloid Press takes seriously for its own dubious reasons.

The coming of what the Economist has called "California in the Home Counties"—the growth of *high*-technology electronics and services industries in the area—has given Bristol a new confidence in its future. It promises a new round of prosperity welcomed by most citizens. But there are those who, mindful of history, warn of its by-products—not least the loss of innocence.

Graham Watts

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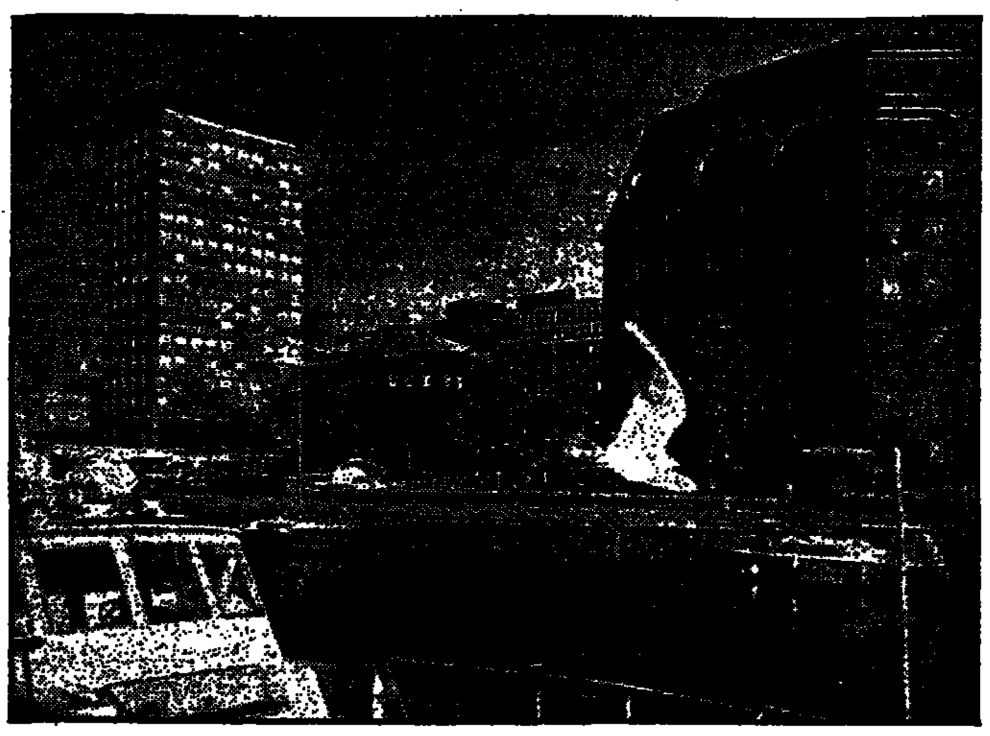

St. John Hartnell (left), observer of a world of property, says the Bristol office market is in an hiatus. Narrow Quay (right) contributed to an earlier surge, particularly along the waterfront

Shopping

Centre versus fringe

SYNTHESIS of conflicting interests is a symptom of a vigorous city, remarked Mr Colin Bloch, an architect at Johnson and Partners. "The expectations and needs of development conflict with those of amenity societies and planners," he said.

Bristol is engaged in a very lengthy process of working these conflicts through. But it is not just a matter of redevelopment in, say, the old docks area. It is also a matter of trying to reconcile the needs of the inner city and the areas that surround it.

Fierce argument has developed about how the central city shopping area can survive and prosper if there is a massive expansion of shopping facilities on the northern edge of the conurbation beside the M5 and just near the junction of that motorway with the M4.

Two projects are involved. The first is the redevelopment of Broadmead, the somewhat rundown inner city shopping centre and, second, Cribbs Causeway, theout-of-town centre, already attracting a large public.

The question is not whether both can survive. Rather it is, what chance is there for Broadmead if Cribbs Causeway goes ahead? And both are poised to receive an injection of new investment. As Mr Craig Begg, a planning lawyer puts it: "Broadmead won't hurt Cribbs Causeway, but Cribbs Causeway could hurt Broadmead."

This raises what Americans refer to as the hole-in-the-doughnut problem: the fear that development out-of-town will turn inner citw areas into a desert, depriving a town of life by drawing people away rather than luring them in. The difficulty is that in the Bristol case the argument can only be proved after investment.

Argument is made more intense by the fact that two different local authorities have the immediate planning control over the prospective developments. The City Council, of course, for Broadmead and the Northavon District Council for Cribbs Causeway. Both are anxious for the swift development of their respective areas.

"We are thrashing around without much direction in the strategic planning of greater Bristol," commented Mr Begg.

The City Council wants to drag Broadmead out of the 1950s, when it was originally built, and pull it into the 1990s. Northavon is an area of economic expansion—it wants Cribbs Causeway to grow with it.

Marketing studies commissioned by the promoters of the different schemes give mixed impressions. That commissioned by the Broadmead people suggests that if a look is taken at both the quantity and quality of shopping, Broadmead would find it difficult in coping with Cribbs Causeway. That commissioned by the Cribbs Causeway people argues that the catchment of Bristol and its surrounding areas is large enough to provide sufficient trade for both.

Paul Cheeseright

Cribbs Causeway

Rivals told to sort out their conflicts

CRIBBS Causeway expansion is stuck at the planning stage. The Northavon District Council's planning committee is ready to see an extra 575,000 sq ft of shopping and leisure space, created in addition to the 425,000 sq ft already there.

But there are two snags. The first is that the whole matter will have to be examined by the Department of the Environment. And, as recent speeches by Mr Nicholas Ridley and Mr William Waldegrave, respectively the Secretary of State and Minister, have shown, such shopping schemes are being suspiciously scrutinised.

The second is that the council has been faced with two rival schemes, one from Prudential Assurance, Marks and Spencer and Carrefour, and the other from J. T. Baylis, a Bristol developer. The Council has told the two sides to work out a joint plan. So the talks go on.

But they are tricky. Both sides pay obeisance to the notion of a 50-50 split, but get bogged down when it comes to agreeing on what is 50. Then there is the question of whose land should take the new development — because both sides have holdings.

The two points are tied up together. Baylis is adamant that the development should be on its land. The Prudential would prefer it on its own, but is not rigid. Baylis ideas appear to run along the line that it should put up the land, and the Pru with its partners should put up the development. This is not equitable, in the view of the Pru —rather like saying that because a litre of Perrier and a litre of whisky are the same quantity, they have the same value. And there the matter lies.

But Cribbs Causeway as an out-of-town centre is prospering to the extent that it creates the inner town phenomenon of traffic jams. Apart from Carrefour, it has attracted Harris Queensway, B & Q, Toys 'R' US, Argos, Comet, World of Leather and others to the existing retail warehouse park.

The Carrefour hypermarket is on 175,000 sq ft, and the remainder are spread over 350,000 sq ft on land owned by both the contending teams for the expansion. All of this is motorised shopping. But the new scheme will contain many smaller units, breaking down that rough in-town out-of-town division of speciality shopping inside and bulk shopping outside. It is this, of course, that worries Broadmead.

But the economic rationale of the Pru and its partners is based on a growing population with higher spending power. And it is this which is used to contest he fears of inner city dereliction in Bristol.

"We'll be taking the turnover to support our floorspace out of future growth," commented Mr John Wythe, development surveyor at Prudential Portfolio Managers.

He also made the point that Marks and Spencer already has a commitment to Bristol in the form of its store in Broadmead. And as far as the Pru is concerned, it has £100m invested in the Cribbs catchment area, taking in not only Bristol but also Swindon, Bath and Taunton. It has retail properties in Broadmead.

"Cribbs won't impact significantly on other scheme," asserted Mr Mythe.

Paul Cheeseright

Broadmead

Ladbroke could be catalyst for change

BRISTOL retailers have been concerned about the state of Broadmead for 15 years. The shopping centre was one of the first areas developed after the Second World War.

"Today it is out of date. So it is not seen as a nice environment. And that is exacerbated by car parking problems — car parking is expensive and insufficient," said Mr Arnold Hammond, of Ladbroke City and County.

Recently the City Council has become increasingly concerned. And the catalyst for change has proved to be the purchase by Ladbroke of the Co-operative Society store in the centre. On that base Ladbroke has devised a scheme for 300,000 sq ft of shopping with new facilities for parking.

The scheme has planning consent, provided an agreement is signed between the city council and Ladbroke. The terms of this have been drawn up and, as is normal, they cover the obligations of both sides. The development agreement between the two is in its final stages of negotiation. Ladbroke and the City Council are in fact partners.

Where properties are relevant to the scheme but are outside its immediate control, the City Council is prepared to use compulsory purchase orders.

"We're almost all dressed up, ready to go," said Mr Hammond. But the key word is probably "almost."

Ladbroke wants to go—it has already spent £6m buying the Co-op building—but is not committed to go. "We will carry on with our development if we have retailers to take up the space. We have a substantial number who are interested in coming to Broadmead, improving their location, and to that extent we are hopeful it will proceed."

The key for Ladbroke is to pre-let two crucial corner store sites to major multiples. "If we can tie up 100,000 sq ft, then we are all systems go. And it looks as if it's going that way," said Mr Hammond.

With an £80m development at stake, Ladbroke is not prepared to run ahead of the retail market. If the retailers wait to see what happens, so will Ladbroke.

But the matter does not stop there. "The consent for 300,000 sq ft has got to be supplemented by the city doing its part," Mr Hammond noted. And this involves the city taking steps to easing access problems.

If the Ladbroke scheme goes ahead it will be on three levels, linking in to the existing centre and one level and with bridges running off higher levels into the business district. On the ground floor level, the plan is to situate the high street retailers. On the middle level, the atmosphere would change with softer decor to surround fashion shops, while on the highest level there would be a food court, home furnishings and leisure goods.

Paul Cheeseright

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Bristol 8

St Paul's

Dispersal proposals rejected

BRISTOL is a prosperous city with a patch of deprivation in the middle, according to Mr Kenneth Clarke, the Paymaster General. He understates the city's problems. The patch he was referring to is St Paul's, where he launched a Government task force this year to develop job-creating enterprises and improve the quality of life.

There are other patches of deprivation urgently in need of attention, notably in the south of the city where there are also pockets of unemployment of 25 per cent and more, and acres of substandard council housing. Many local politicians feel that resources are being channelled into the inner city at the expense of other needy areas.

This is not to belittle the plight of St Paul's though it is true to say that it would not have received so much aid if the riots had not taken place. The outbreak of violence in 1980 was held by some racial equality workers to have been more effective in getting things done than 10 years of patient persuasion.

In September this year St Paul's erupted again when 600 police officers entered the area to arrest drug-traffickers and other criminals. Operation Delivery was highly controversial. Many people, including residents said it was long overdue. Others, among them people who are working for racial harmony, said the operation was a provocative over-reaction.

Certainly, something had to be done. Normal policing had become hazardous, with police vehicles being stoned when they ventured into St Paul's. Muggings and burglaries were rife. According to the Avon and Somerset police, the crime rate was higher than anywhere else in the two counties.

The trouble was confined to a small area of the inner city. The true St Paul's consists of only half a dozen streets or so within the Ashley ward. The Government's inner-city task force covers Ashley and the two neighbouring wards of Easton and Lawrence Hill.

All are depressed, if unemployment is taken as the yardstick. Ashley has a jobless rate of 31 per cent, Easton 17.5 per cent and Lawrence Hill 27.3 per cent, but among the ethnic minority the unemployment figure is more than 40 per cent. In the Ashley ward alone this minority comprises some 3,500 or 28 per cent of the population.

The three wards are largely residential, with a good deal of office accommodation, and Ashley ward in particular contains some fine, if faded, Georgian and Victorian property. There has been much development and refurbishment, especially of buildings for offices, though the council's programme of housing repair has been seriously affected by lack of money.

The task force, which has co-opted representatives of the local authorities as well as from a bank and an insurance company, organised several public meetings and sent a questionnaire to 12,000 residents to ascertain the people's priorities for the area.

Most saw the first priority as restoration and refurbishment of buildings. Their second concern was to improve crime prevention — they specifically wanted better street lighting and help with home security. They put local job creation third on the list.

A report this summer commissioned by the regional Confederation of British Industry identified the problems of the inner city as being primarily social in origin. Its research suggested that much of the unrest was associated with only perhaps 300 to 800 unemployed young male Afro-Caribbeans.

Rather startlingly, the report recommended that the task force's strategy should be directed at the dispersal of blacks from the St Pauls area and that the first priority of any funds available should not, therefore, be for the physical improvement of the inner city. It urged employers in the services sector outside St Pauls to show positive employment discrimination.

The proposal for the dispersal of the black minority is not thought by most politicians and social workers to be realistic. Indeed some consider it has an unpleasant autocratic ring. The counter-argument is that the ethnic community stays together for security and will not move until racist attitudes disappear.

A lot of money has been spent on inner-city schemes. The task force has a budget of £1m in its first year, and expects a similar amount next year. In addition the area is getting some £6m a year from other central Government sources, such as the Manpower Services Commission, the Department of the Environment and the Home Office.

It also receives special help from the local authorities over and above the normal services provided. In the years after the 1980 riots, Avon County Council spent several million pounds on a new primary school and a sports complex. More recently it built a community centre at a cost of £500,000, which stands empty because the community says it is of sub-standard quality. Workshops for people starting their own businesses draw the admiration of many visitors, including Prince Charles.

The future is not without hope, but there are no short-term solutions. After Operation Delivery, Mr William Waldegrave, the Conservative MP for Bristol West, said it would take a decade to sort out the problems of St Pauls. They were saying similar things many years ago.

Norman Crossland

Professions

Reputations draw in talent

IF, AS one solicitor put it, Bristol is becoming the capital of the "clean" business world "high-tech companies"—then the professional community in the city has a bright future assured.

The legal profession makes a strong showing predictably enough in a city which has a "middle-class" air about it, but it is in the firms that lean towards commercial work that growth, in size and reputation, is most evident.

As Mr Richard Smerdon, a partner in Osborne Clarke, says: "In the last 10 years the legal profession *has got its act together* down here. We can provide quality commercial and corporate advisory services so that companies don't have to go to London."

The firms which lead the field specialising in commercial work number about four but their accelerated growth has galvanised their smaller rivals and enhanced the city's reputation *for providing professional* services.

Mr Smerdon, whose firm has grown from four partners and a dozen staff when he joined 17 years ago to 20 partners and 150 staff, believes the reputation of the leading firms draws legal talent to Bristol: "We can attract the able City-trained young lawyers who want to come down here for the quality *of life but don't want to lose* the smell of the grease-paint in terms of corporate law practice." But Bristol salaries, he believes, are the biggest hurdle after Big Bang boosted those offered by City firms.

Osborne Clarke has numerous London clients, a fact which he attributes to the gap in the market where emergent medium-sized companies seek advice and are confronted by the large City firms which specialise in multi-million dollar deals. To fill that gap Osborne Clarke provides partner advice in London with back-up work in Bristol at lower overheads costs.

The professional impact of the relocation of large companies to Bristol has yet to be seen by solicitors, apart from the *spin-offs* such as conveyancing and private client work. Essentially, decision-making remains for the time being in the City of London, with one or two exceptions. *Local lawyers tend to rely on* local financial institutions for work and it is hard to find any local institution that won't sing the praises—without prompting—of the firms specialising in *commercial law.*

The recruitment by local firms is made somewhat easier by the high quality of law graduates turned out by Bristol University and Bristol Polytechnic who find it hard to be persuaded to leave the city.

Mr Richard Lalonde, of Chesterton Lalonde, surveyors and valuers, called 1985 the year of the accountant, and a look at some of the new buildings in the city confirms this comment. Coopers & Lybrand recently moved into a new office building on the corner of the Georgian Queen Square and Arthur Young plans to expand into a new £4.5m development in the city centre in early 1987.

Mr Tony Eve, partner in charge at Coopers & Lybrand, believes the stability, as much as the prosperity, of the area is the reasson for the major accountancy firms all having substantial presences. Business, he says, "has expanded dramatically in the past two years, *not so much on the traditional* side but in the extra services we are able to offer such as consultancy or insolvency, not usually thought of as the preserve of the accountant."

Although the arrival of the London insurance companies may not have brought a great deal of direct work for the accountancy profession as a whole, some firms have benefited, such as Coopers and Lybrand, from work that was previously done in London and is now carried out in Bristol. Mr Godfrey Davis, a partner at Arthur Andersen, believes that the growing infrastructure of companies will eventually bring business to the Bristol accountants' offices. Until then, there is a diversity of companies to be serviced and Mr Davis is especially excited by the number of businesses starting up in the region.

To exemplify the growth of the accountancy practices, Arthur Andersen has gone from a staff *of 16* when it set up an office in Bristol eight years ago to 100 today, matching its competitors. Coopers & Lybrand estimates that business in fee terms in the past 10 years has multiplied by a factor of eight.

But it is the shift in the emphasis of business that is the most remarkable: Coopers & Lybrand believes it has moved from a figure of 75 per cent of work spent on auditing to less than 40 per cent. Arthur Young regards itself more as a financial adviser with a significant emphasis on corporate finance and management consultancy than as straightforward chartered accountant.

Andrew Lynch

Sponsorship

Business backs the arts

THE CITY OF BRISTOL may not often spring to mind alongside Venice or Cannes perhaps, but it is rapidly building up an enviable reputation as a centre for international film and television festivals.

In September it was revealed that Sci-Tech '87, an international film and television festival concentrating on science, technology and medicine, would be staged at Bristol's Watershed Media Centre in October next year.

The aims of the festival are to increase understanding of science, technology and medicine and to encourage the highest standards of film and programme-making in these fields.

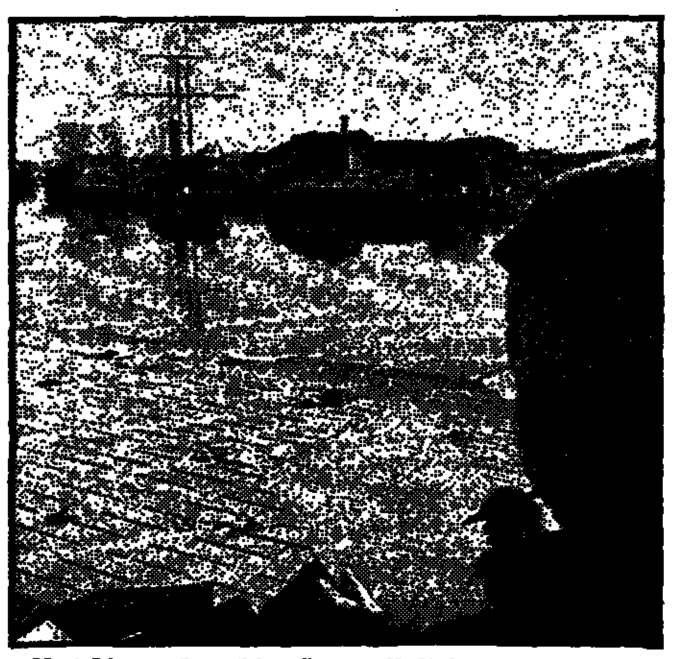
The lauch of Sci-Tech, which is to be a biennial event from 1987, preceded last month's Wildscreen '86, a festival built along similar lines but dedicated to wildlife and its conservation, being staged for the third time. Wildscreen is also biennial and will run in tandem with Sci-Tech. The Watershed Media Centre has also managed to lure the Cambridge *Animation* Festival from its home from next year.

The importance of Wildscreen and Sci-Tech coming together in Bristol is that it not only confirms that the city can stage them but also how it can attract support from business, locally and nationally to help finance them.

Mr Tony Byrne, Director of Bristol Marketing Board, which is backed by commerce and the city council to promote the city, who is also chairman of the organising committee of Sci-Tech, has identified a trend in private support for the arts and special events.

"What has become crucially important in the last year or so has been the extent to which national companies have come in to support exercises *here* although they have no very significant contact with the city. They recognise that it is a crucial place to get high-quality profile events staged."

He points as evidence of this trend to British Gas support for



Sketching the SS Great Britain at Bristol's Cumberland Basin

Sci-Tech, Townsend Thoresen backing for the Claret and Classics vintage car run from Bordeaux to Bristol last summer and Mitsubishi's sponsorship this year of the power boat racing in the city docks.

Homegrown sponsorship is also vital and growing. The JT Group, construction company, *has helped the Arnolfini,* the arts centre, and the Watershed Media Centre to develop their national and international reputations. Bristol and West Building Society has played a *key role in the birth and growth* of Wildscreen. London Life, the insurance company that relocated its headquarters in Bristol, has helped both Arnolfini and Watershed and done much for the standing of the annual International Balloon Fiesta. Watershed has also benefited from the support of another insurance company, Sun Life, which backs many other local activities.

Harveys of Bristol, the sherry and wine company, boasts a reputation as one of the country's leading arts sponsors and its programme for autumn 1986 and spring 1987 wil spend £74,000 in the West Country.

Another of the city's long-established businesses, Imperial Tobacco, supports concerts, amongst other events, at the *former church, now* concert venue, St George's Brandon Hill. St George's Music Trust, which has embarked on a £600,000 restoration and conversion programme, is used by the BBC for regular concert broadcasts on Radio 3. Since the BBC credits sponsors, it is, says trust vice-chairman Mr John Funnell, a very effective form of promotion.

Mr Byrne attributes the recent growth in sponsorship partly to a renaissance in civic pride and a feeling of identification with the city.

Andrew Lynch

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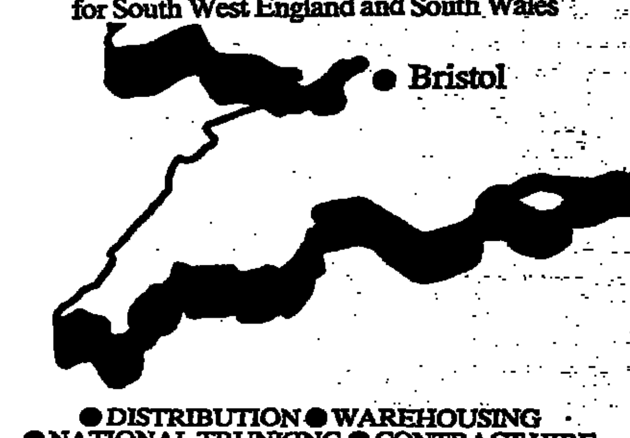

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